India Resources Limited

ABN 77 121 339 704

Annual Report 2016

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Arvind Misra	Managing Director
David Humann	Non-executive Chairman

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE

Level 1 18 Kings Park Road
West Perth Western Australia 6005

Telephone: (61-8) 9327 7444
Facsimile: (61-8) 9327 7499
Email: admin@indiaresources.com.au
Web-site: www.indiaresources.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2 45 St Georges Terrace
Perth Western Australia 6000

Telephone:
Facsimile: (61-8) 9323 2033
Email: perth.services@computershare.com.au
Web-site: www.computershare.com.au

AUDITORS

BDO Audit (WA) Pty Ltd

SOLICITORS

Allion Legal Pty Ltd

BANKERS

National Australia Bank Limited
Axis Bank

STOCK EXCHANGE LISTING

Shares in India Resources Limited are quoted on ASX Limited.
ASX code: IRL

CONTENTS

This financial report covers the consolidated entity of India Resources Limited and its controlled entities (the Group).

The financial report is presented in Australian dollars.

India Resources Limited is a company limited by shares and is incorporated and domiciled in Australia.

CHAIRMAN AND MANAGING DIRECTOR REVIEW

Despite numerous hurdles, India Resources Limited (IRL) has managed to remain operational in its mine-contracting operations and continues to develop the Aravalli base metals project.

From February 2016 to June 2016 IRL faced a difficult period when contract payment disputes arising from a name change from the principal contractor allowed the Surda Mine owner Hindustan Copper Limited (HCL) not to pay IRL invoices and also HCL refused to accept copper concentrate produced by IRL in May 2016. This lead to the possible suspension of the Surda operations as working capital was depleted without receiving any revenue for the concentrate. Pursuant to a work order and subsequent discussion, IRL succeeded in averting the situation and is now receiving payments for copper shipments and continuing with the Surda operations work order.

The 2015-2016 year saw IRL struggling to realise its financial goals with flat world metal prices and the uncertainty caused by haphazard and disputed payments.

IRL's major project is the world class Aravalli Lead-Zinc-Silver Project in Rajasthan. Work has progressed with of a Memorandum of Understanding with the Government of Rajasthan, and a draft Letter of Intent (LOI) for the mining license (ML). We are searching for interested parties to invest in the project prior to commencement of a detailed drilling program to advance the holding to bankable feasibility study status. We will also provide a detailed mine plan as one of the requirements for grant of the ML. The downturn in metal prices has significantly affected many companies and their ability to raise capital for these types of projects.

In the 2016 year Shriram EPC Limited (SEPC) and IRL successfully recommenced the shaft sinking and mine development expansion program at the Surda mine.

The Surda expansion project which involves developing the Surda mine below its operating levels and shaft sinking was recommenced in October 2015 and is consistently improving its performance. Shaft sinking installation is now complete and at the time of writing, statutory approvals to develop the shaft below 60m depth were obtained. Rapid shaft sinking is expected to commence in the 2017 year.

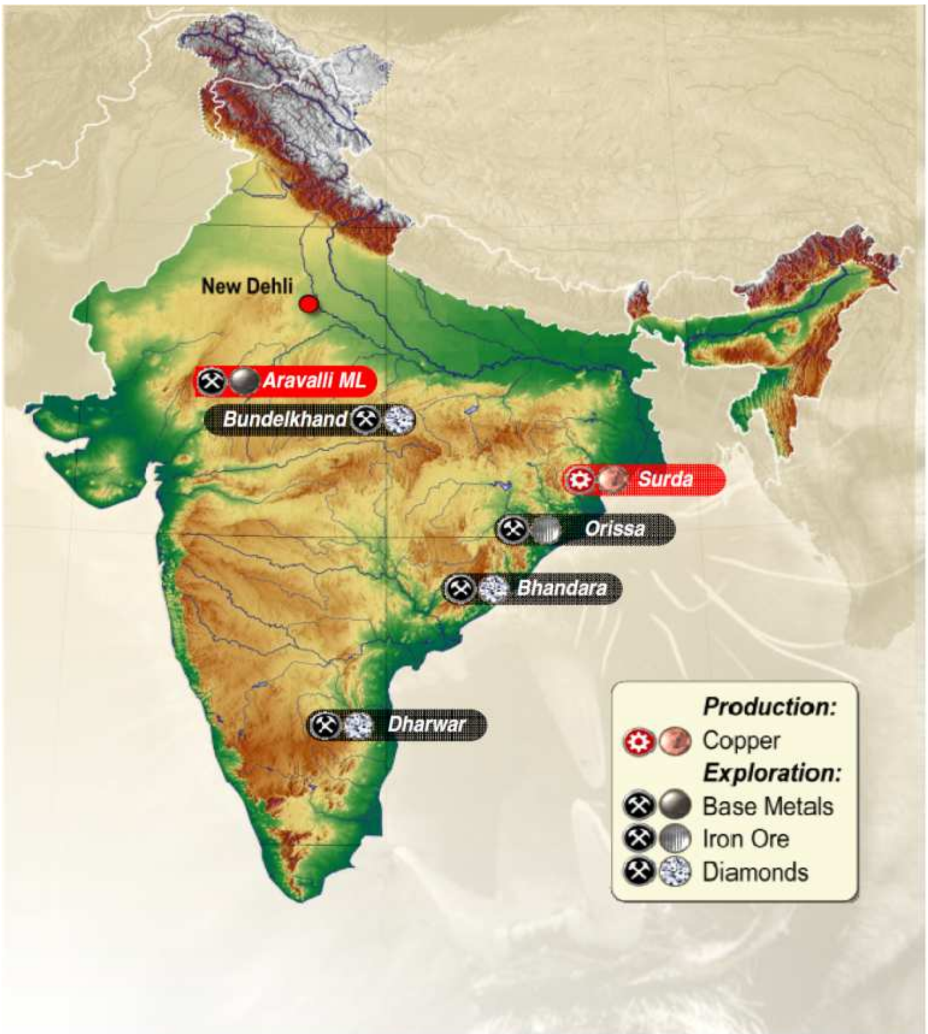
Ever since the Surda work order was taken up by IRL in 2007 payment disputes and losses for many reasons have been incurred by IRL through no fault of its own and the company continues to seek compensation for these losses from HCL. A prime example of such a claim was the stoppage of mining at Surda due to the delayed renewal of the Surda Mining License by HCL in the 2014-2015 year. Both companies continue to pursue avenues to successfully reach agreements on these important issues.

IRL successfully appealed against Indian Tax Office claims and for refunds of tax deducted at source from Swan Gold (now Eastern Goldfields Limited the principal contractor of the Surda works order) for the 2012-2013 year. The tax refund is expected soon.

IRL continues to pursue its Prospecting Licenses (PL) and ML applications for diamonds and base metals that are subject to preferential rights.

Looking forward, India Resources is working strongly to produce economically viable results from the Surda works order and expansion projects and at the same time continues to work through the requirements to be granted the Aravalli lead-zinc Mining Lease application.

We would like to take this opportunity to once again thank all of our stakeholders and staff for their continued support of the company during a most difficult year.



IRL Project Overview

DAVID HUMANN
Chairman

ARVIND MISRA
Managing Director

REVIEW OF OPERATIONS

Surda Project

India Resources Limited (IRL) has successfully completed one full year's mining and processing operation at the Surda Copper Mine since the government initiated and prolonged shutdown in the previous year, waiting for our partner Hindustan Copper Limited (HCL) to renew the Surda Mining License.

IRL mines and produces a copper metal in concentrate (MIC) with all the concentrate going to HCL's nearby smelter at Moubhandar as per the work order.

The Surda deposit is located within the Indian Copper Complex, a richly endowed copper belt in India. Surda is one of several copper deposits along the belt that have been mined since ancient times. Surda was closed by HCL in 2003 and reopened by IRL in 2007 and, since then it has provided IRL with an exceptional presence and platform to take advantage of opportunities in the Indian mining and resources sector.

The 2015-2016 year commenced strongly with copper grades above expectations in the first quarter. But increasing production tonnages have remained elusive due to several factors including the deterioration of equipment. The shaft 4 skip and wheels had to be rebuilt causing lower than expected tonnages in the second quarter. In the fourth quarter payment disputes and misunderstandings with HCL reduced the operations ability to pay salaries and buy the materials needed for the mine production on a prompt basis, resulting in reduced tonnages and industrial disputes in May and June 2016.

Production of copper for the 2015-2016 year totaled 2,784 tonnes of copper metal in concentrate which was below expectations for the year, and related to maintenance issues, civil works delays and industrial disputes.

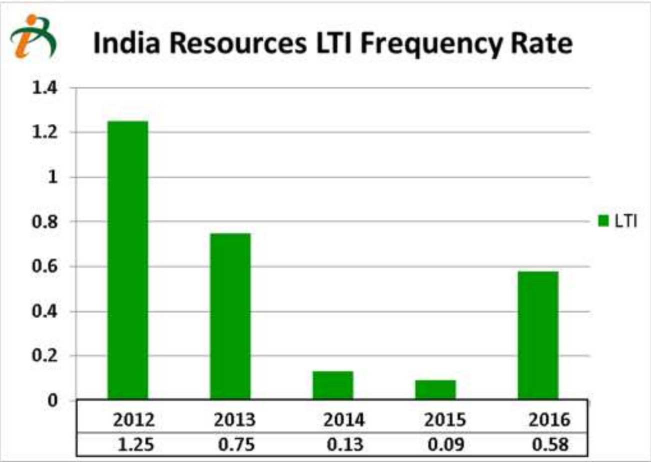
Shaft 3: Part of new loader being lowered to Block 19 via the sub- inclined shaft

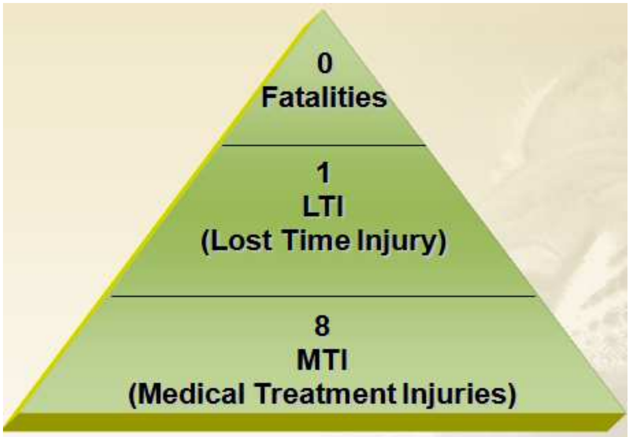
Shaft 4: Skip in action

Occupational Health and Safety

We are extremely proud of our Surda safety record.

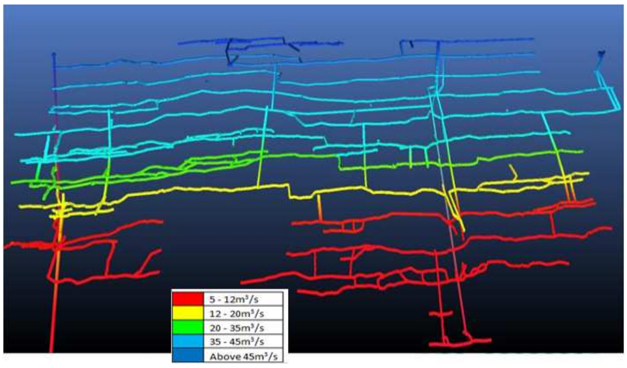
Our Lost Time Injury frequency Rate (LTIFR) has been kept exceptionally low over the last few years through training and awareness among all employees.





Surda Mines: Injuries statistics for 2016

IRL's mine and processing operations at Surda have had another good safety result for the 2015-2016 year with a LTIFR of 0.58 being above the previous year's rate of 0.09 and to date only 01 LTI has been recorded in 2016 at the mines. However, this compares well to the 2.5 achieved by the West Australian metalliferous underground mines in 2014-2015 *(Ref: Safety Performance in the WA Mineral industry. Accident and Injury Statistics 2014-2015 p10).* At the recommencement of mining in June 2015 a lot of attention and training has been given to blasting safety and to Surda mine's ventilation system and its maintenance. Currently the Total Mine Fresh Air circulation is at 140m^3/sec and we are working on increasing the lower levels airflow rates.



Surda Mines: Ventilation Airflow pattern

IRL's mine and processing operations at Surda have embarked on environmental awareness to reduce ground /soil pollution with oils by sensitizing all vulnerable and oil handling sections on the treatment of oil spills and the collection of used oils from all places for safe disposal.

Shaft 3: Used Oil collection in underground Pump chamber

Surda Mines: Oil spills treatment

Surda Mine Operations Review

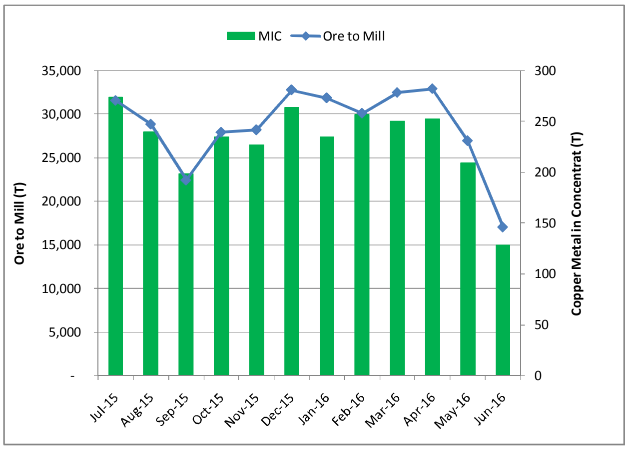
In the June quarter 2014 the Board of HCL formally approved an extension of the term of the Surda Operations Contract to the later of March 2017 or until the date of completion of the Surda Shaft Sinking and Expansion contract awarded to Shriram EPC Limited (SEPC). SEPC then awarded this work to IRL Copper Mining Private Limited, (ICMPL) as a subcontractor on a back to back basis. ICMPL successfully negotiated with SEPC and recommenced the Surda Expansion project in October 2015. Since then 239.4m of horizontal development and 3.6m of shaft sinking has been achieved in the 2015-2016 year.

Shaft 3: Tailings backfill operation

IRL has been very successful in an operational sense at Surda.

Surda is HCL's lowest cost copper producer, a remarkable achievement considering the relatively low copper grades of Surda's ore body. IRL carries out all the requirements of development, mining, processing and beneficiation at Surda. IRL has increased copper production by an average of 25% compared to the previous operation at Surda.

Copper production during the year was adversely affected by HCL's inability to pay invoices on time which began in February 2016. As discussed above the payments for copper were delayed by HCL and plus hampered cash flows to IRL. Later in the fourth quarter 2016, industrial disputes by the Surda work force arose because of delayed salary payments. All these matters have now been resolved.



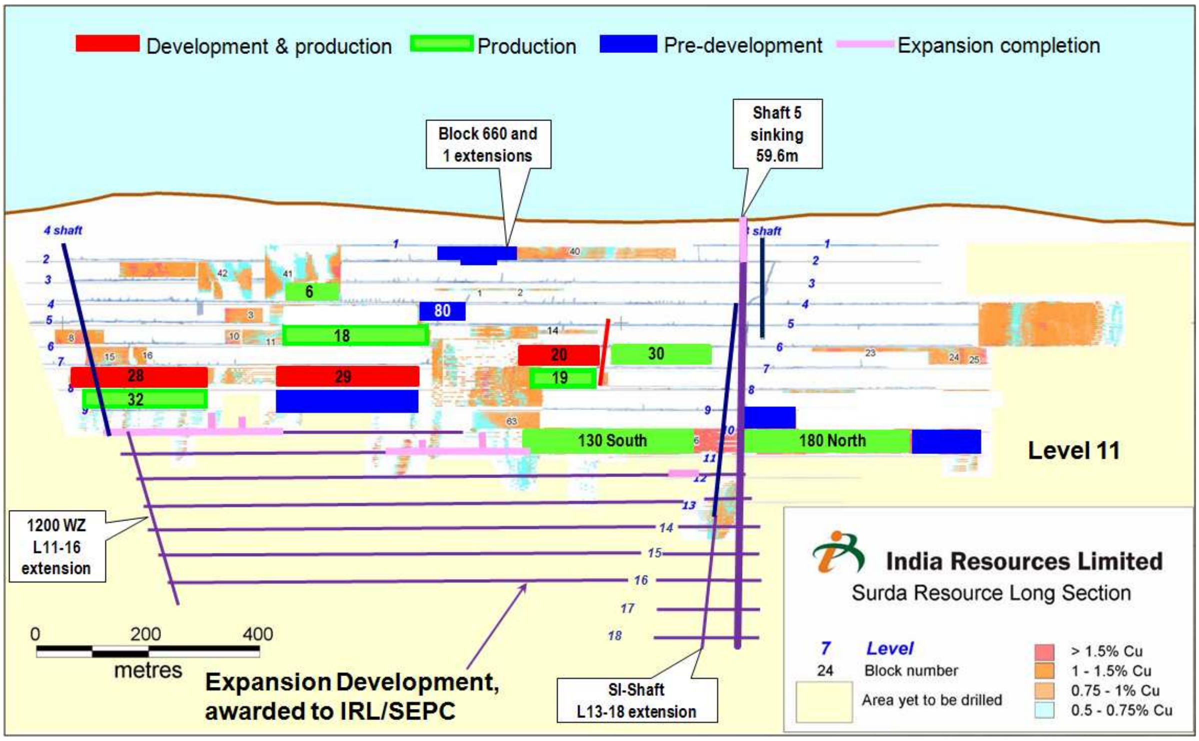
Quarterly Production	Quarter Ended				Total
	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	
Ore Mined (Tonnes)	82,837	88,693	94,331	76,846	**342,707**
Ore Processed (Tonnes)	84,263	87,773	95,127	77,128	**344,291**
Mill Feed Grade (Cu)	0.93%	0.85%	0.86%	0.84%	**0.88%**
Concentrate Produced (Tonnes)	3,239	2,698	2,965	2,310	**11,212**
Concentrate Grade (Cu)	25.91%	24.94%	24.96%	25.51%	**25.72%**
Recovery	93.42%	92.87%	93.00%	92.81%	**93.13%**
Metal in Concentrate (Tonnes) – Equivalent Mined	712	725	742	590	**2,769**
Metal in Concentrate (Tonnes) - Dispatched	762	673	748	601	**2,784**

Surda Geology and Mine Development

The Surda copper deposit is owned by HCL and operated by IRL under a works order. Copper mineralization is localized along the Singhbhum shear zone. Prominent deposits along the shear are Surda, Chapri, Kendadih, Pathargora, Dhobani and Mosabani. The Surda deposit remains open at depth and along strike to the north. Confidence in the copper resources at Surda remains strong. The Surda Expansion Project aims to double production and involves shaft sinking to Level 18 and associated level development of drives and cross-cuts. The extent of the Surda workings and Expansion Project are shown in the long section below.

Mine development

Shaft 4's Blocks 28 is being developed which will replace the depleting Block. Block 29 is another developing Stope at 8th level. In the 2016 year at Block 29 sill driving along the stope's entire length, partial completion of two long rises, installation of a Cavo Loader and ore chute fixing took place. Haulage drive and drive preparations and four ore chutes and manway installations remain before full production can commence. At Block 28, sill drive development is in progress and ore chute fixing has taken place, ongoing drive widening at level 8 and installation of rises for manways and ore passes are now required. At Shaft 3, Block 80 which extends from Level 5 to 4 further geological channel sampling and modeling was undertaken and it is planned to start development in the next few months. Approvals for mine Blocks 660 and Block 1 from level 2 to 1 are awaited. At Shaft 3, level 11 drive development was started to the north of the 180 North Block. At Level 7, Block 20 located south of Block 30 drive stripping, sill and rise development are in progress. A slurry pump was deployed at Shaft 4 and used to clean out the sludge in 1200 winze from Level 10 to Level 11 for the Surda expansion program.

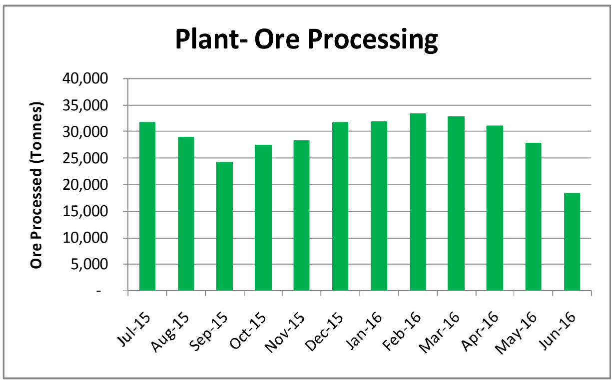


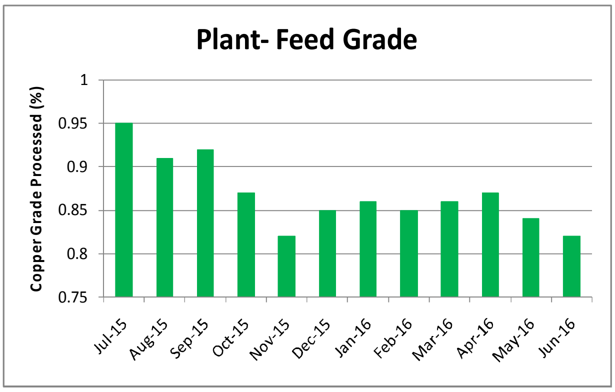
Mosabani Concentrator

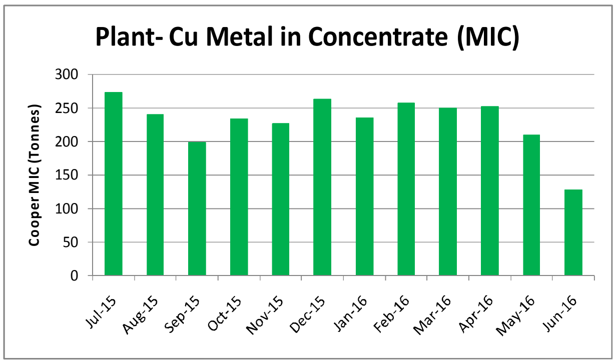
The 2015-2016 was a full year of production of copper metal in concentrate with 2,784 tonnes being produced from 12 months of operation. This is under the previous full year of production in the 2013-2014 year which produced 3,850 tonnes of copper, an all-time record for the Surda mine. (In the 2014-2015 year the mine was closed for 9 months by government edict and HCL while they renewed the mining license). The plant continued to perform well by producing 25.72% average grade of copper in concentrate which is well above the stipulated sale grade of the concentrate. The average metal recovery was 93.13% from the ore after processing, which was slightly above the 2013-2014 year result of 92.93%.

The Mosabani Concentrator Plant

Over the past one year plant performance was improved by relining and reconditioning the ball mills allowing faster grinding times. Also work was done to upgrade and replace the worn out parts of the Metso concentrate filtering cells to reduce the time taken to filter the concentrate and lower the moisture content.

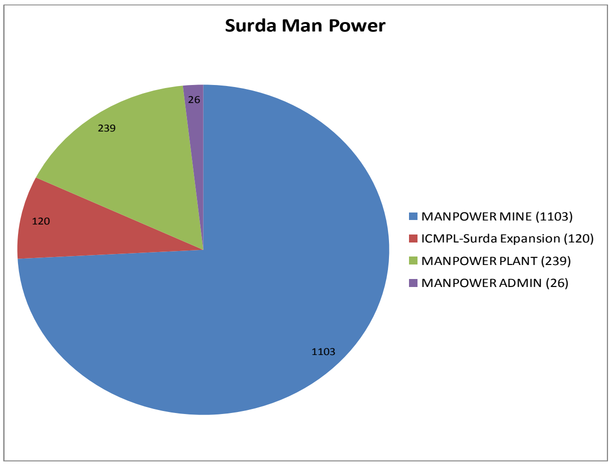






Human Resources

There are currently 1,488 employees at the Surda operations including the ICMPL and its sub-contractor's employees who carry out the work for the Surda Expansion Project.



India Resources prides itself on employing people from the local area and giving them a source of income and opportunity to develop skills.

Training and Development

Training at Surda has been undertaken in the following areas:

- Initial and refreshers training.
- Hazard awareness and safety audits.
- Blasting safety and practices.
- Ventilation systems and training including use of 'Vent Sim' software.
- Detailed geological mapping, grade control practices and modeling of the stopes.
- Mine design and scheduling.
- Copper production reconciliation.
- Back fill reconciliation.

Environment

Mine planning has been undertaken for the Surda expansion project to reduce the footprint of the project to preserve the environment. Waste dumps to hold the shaft sinking cuttings have been carefully planned to minimize the impact to the forest areas and catch sediment run off from them.

Elsewhere at Surda, old disused shafts 1 and 2 were sealed. This was done for safety reasons and also to help the Surda mine's ventilation by stopping recirculation of air. Earth works to control erosion of soil and debris was also installed at the mine.

Exploration Projects

IRL explores for several commodities in India and seeks exploration opportunities for base metals, gold, iron ore, diamonds and coal. India Resources ambition is to explore, develop and operate its own mine in India. IRL also undertakes consulting work for other companies both in mining and exploration and uses its expertise internationally.

Aravalli (Base Metals)

The Aravalli project is made up of two components that were generated during the Company's exploration programs on Reconnaissance Permit RP1- 2004:

- Aravalli lead-zinc project is now awaiting grant of Mining License (ML). IRL's wholly owned subsidiary Crown Mining Private Limited (Crown or CMPL) has the preferential right to be granted the ML.
- The Sathuddia Prospecting License (PL) application located within RP1-2004.

Crown has applied for the ML over the lead-zinc mineralisation at Aravalli located along the same mineralised trend as the Vedanta PLC's Sindesar-Khurd and Rajpura-Dariba Mines.

The Aravalli Project which is located 67km directly northeast of Udaipur, Rajasthan, India, is an advanced exploration asset in a recognized zinc-lead-copper mineralized region.

Exploration Target – India Resources Ltd.

India Resources Ltd (ASX:IRL) does not have any JORC compliant resources on its tenements or applications. However, IRL has previously reported an exploration target at its Aravalli Project in the range of 95-135 million tonnes with grade between 2.2-4.5% zinc and 0.7-1.8% lead ("Quarterly activities and cash flow report" 31st July, 2008). This exploration target should not be mistaken for an estimate of Mineral Resources or Ore Reserves. The potential quantity and grade is conceptual in nature and there has been insufficient exploration as yet to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource. Further drilling will be required to establish JORC standard estimates of Resources.

The exploration target is largely based on a foreign resource estimate by the Geological Survey of India (GSI) and subsequent drilling and modelling by IRL. The foreign resource estimate was reported by IRL on 23 July 2014 for the deposits on IRL's Aravalli project and comprises:

165.6 million tonnes of mineralisation at 2.3% Zn, 0.7% Pb at a minimum of a 2% Pb + Zn cut off. This estimate is a foreign estimate and is not reported in accordance with the JORC Code; a competent person has not yet done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code; and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources in accordance with the JORC Code.

The foreign estimate was reported by the GSI in various reports issued between 1983 to 1993. The estimates were reported as a combination of "In-Situ Reserves", "Proved Reserves", "Probable Reserves" and "Possible Reserves". In IRL's opinion, if upgraded to JORC 2012, the estimates would be considered as a combination of Indicated and Inferred Resource. The supporting information provided in the initial market announcement of 23 July 2014 continues to apply and has not materially changed.

As the Mining Lease has not yet been granted, IRL has been unable to carry out its planned drilling to confirm the exploration target and foreign resource estimate and upgrade these to JORC 2012 standard. Drilling of several diamond drill holes will be required to verify previous drilling, expand the resource and target high grade zones within it. IRL intends to carry out this drilling upon the grant of the ML.

Substantial progress has been made in the granting process with the registration of Aravalli Project with the Project Monitoring Group of the Government of India; demarcation of the boundary by Government of Rajasthan; agreement between Crown Mining Private Limited and Government of Rajasthan to commence further drilling work under the supervision of the Director Mines and Geology Udaipur. The drilling programme will costing around A$10 million.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Eoin Rothery, a Competent Person who is a Member of the Australian Institute of Geoscientists. Eoin Rothery is employed by India Resources Ltd on a consultancy basis and is an employee of Thomson Resources Ltd. Eoin Rothery has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Eoin Rothery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

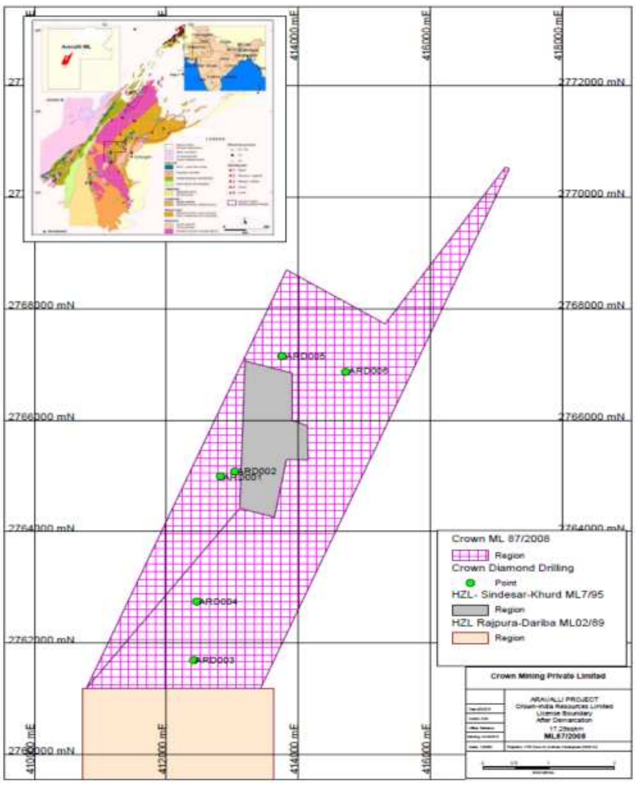
Prior to successfully completing exploration on the Aravalli Project reconnaissance Permit, RP1/2004, IRL's wholly owned subsidiary Crown Mining Private Limited applied for a Mining License (ML87/2008) over the lead-zinc mineralisation.

Highlights 2016

Crown continue to carry out functions required of it to obtain its Aravalli Project's Mining License.

Highlights in 2016 were as follows:

- An exploration diamond drilling program was submitted to the Rajasthan Government that is designed to bring the project into the Measured and Indicated categories from the previously reported exploration target status.
- The Government of Rajasthan has commenced preparing a memorandum of understanding (MOU) that it will submit to the Government of India for approval prior to issuing a letter of intent to CMPL. The MOU remains pending as the parties await outcomes from Aravalli's funding and legal issues
- IRL and CMPL continue to seek investors for the Aravalli Project.
- In the first half of the year CMPL defended a revision and stay order filed by Hindustan Zinc Limited (HZL). This defense was successful and protect the administrative approval of the Aravalli Project.
- Late in the 2015-2016 year HZL had a stay order granted to it by Revision authority, Ministry of Mines against the rejection of its applications by the Government of Rajasthan and the administrative approval granted to CMPL, a further hearing date is awaited.
- An Aravalli Project time line is continually being updated and further work required for grant of the mining license includes upgrading the Exploration Target to Measured and Indicated categories preparation of environmental reports and clearances, submission of a mining plan after drilling and several other statutory requirements.
- A request by CMPL to the Rajasthan Government to only pay statutory fees on the agreed ML area of 17.29km^2 not the original application of 24km^2 is waiting for a response.



Aravalli Mining License, (Pink hatching) excised ML of Vedanta Sindesar-Khurd, (grey shading).

Sathuddia (Base Metals)

As reported previously the Sathuddia base metals project falls within the area of the Aravalli Project's, RP1/2004. Following positive exploration results by CMPL a Prospecting License (PL) application was made. Due to the new mining laws introduced by the Government India in 2014 and discussed in the 2014-2015 annual report in tenements listing the

Company will need to be involved in an auction system to win this project.

Diamond Projects

India Resources Limited is in joint venture with Vajra Diamonds Private Limited. Vajra carry out the exploration for diamonds on behalf of the joint venture.

Bhandara (Diamonds)

The project contains a PL410 application located 10 km north of Nuapada diamondiferous kimberlites in Odisha, India. PL410 falls within the area of RP71 that is now expired. IRL through its subsidiary, Amil Mining Private Limited, has the preferential right to be granted this PL. The area is only 10 km north of Nuapada diamondiferous kimberlites. The Project is located in the recognized Mainpur-Raipur Kimberlite Field. The area lies on the boundary of the Bhandara Archaean craton with the Proterozoic Eastern Ghats Mobile Belt and several kimberlite bodies have been recorded in close proximity. Once granted the PL Exploration focus will consist initially of stream sediment sampling with microprobe analysis to identify kimberlitic indicator minerals.

Dharwar (Diamonds)

The project is composed of two prospecting Licenses that are both under renewal, PLs 306 and 309. PL306 has reported two G10 garnets (indicator of diamondiferous kimberlite), 11 kimberlitic chromites and several ilmenites from stream samples. After renewal Geophysical work is planned on PL306 to locate potential targets for follow up sampling. Two kimberlite pipes have been discovered on PL 309 and after renewal bulk sampling is planned for kimberlite pipe, CC4 located on this Prospecting License. Letters submitted to the Department of Mining and Geology, Anantapur District in Andhra Pradesh, India regarding the extension/ renewal of the prospecting license PLs 306 and 309 are being followed up.

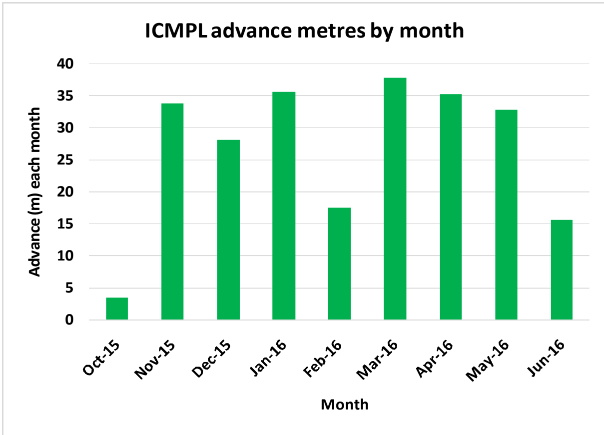
Business Development

Surda Expansion Project

IRL's 100% subsidiary company IRL Copper Mining Private Limited (ICMPL) signed an agreement on a back to back basis with Shriram EPC Limited (SEPC), whereby IRL will conduct all of the shaft sinking and development work of the Surda expansion project. Work was started in April 2013 but the project has suffered delays resulting from the Surda Mine Closure from September 2014. Work was restarted in October 2015. In the 2015-2016 year 239.4 metres of advance, 32.7m^3 of stripping and 3.6m of shaft sinking was achieved.

Surda Expansion statistics

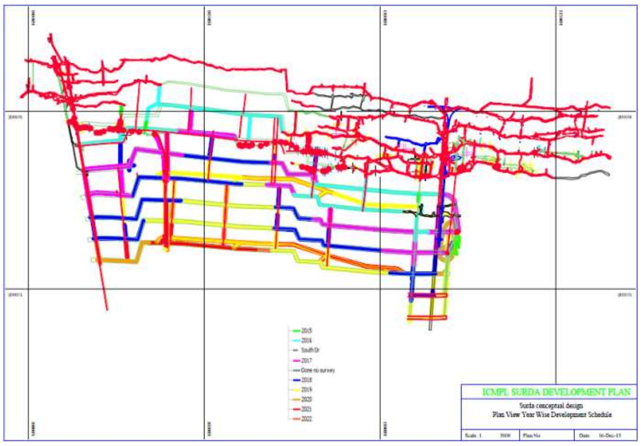
Surda Expansion Development	2015-2016	Project to date
Driving & Raises (m)	239.4	985.6
Stripping (m^3)	32.7	70.7
Shaft 5 sinking (m)	3.6	59.6



Surda expansion project by month in the 2015-2016 year

Highlights for 2016:

- Started horizontal development Shaft 3, Level 12
- Started a x-cut, raise and Footwall drive, at Shaft 4 Level 10
- Completed installations at Shaft 5 and waiting for approvals to sink below 60m
- Scheduled rapid shaft sinking to start by end of 2016.
- Cleaning 1200WZ at Shaft 4 from Level 10 to Level 11 with slurry pump to gain access to Level 11 for horizontal development.



Plan view of life of project Surda expansion schedule in bold lines commencing below the Surda workings

Surda expansion project Shaft 5 development

Finance

IRL successfully appealed the Indian Tax offices claim for tax deducted at source (TDS) and is expecting a tax refund for the 2012-2013 year in the next financial year.

Hindustan Copper Limited (HCL) and IRL Claims

Meetings were held at the Prime Minister's Office and Mines' Minister level to seek a determination on IRL's pending claims with HCL. Although commitment has been shown by these officials, progress remains slow. A meeting was held at the Mining Secretary level to progress settlement discussions for advanced claims ($2.2M) and offset other claims ($10M) with the grant of an extension of the Surda contract until March 2020. The current Surda works order contract (100% right to mine by IRL) is due to expire on 31 March 2017 or at a date when the SEPC contract finishes, whichever is later. SEPC has sought an extension of its contract for 32 months on the Force Majeure Grounds as allowed for in the contract. This will extend the SEPC contract until the end of 2019.

The Surda contract has similar Force Majeure extension clauses and IRL has asked HCL to formally extend the contract. HCL has not responded to these contractual requests as yet and has advertised globally for expressions of interest by interested parties for the Surda operations and development.

The information in this report that relates to exploration targets or exploration results is based on information compiled by Andrew Kohler, a Competent Person, who is a member of the Australian Institute of Geoscientists. Mr Kohler is Group Technical Services Manager and is a full time employee of the Company. Mr Kohler has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kohler consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed.

DIRECTORS' REPORT

The Directors of India Resources Limited, IRL, (Company) present their report together with the financial report of the Group (consisting of the Company and its controlled entities, referred to hereafter as the Group) for the financial year ended 30 June 2016.

DIRECTORS

The names of the Directors of the Company in office during the course of the financial year and up to the date of this report are as follows:

Andrew Simpson	(Non-Executive Chairman)
Arvind Misra	(Managing Director)
David Humann	(Non-Executive Director)

Unless otherwise indicated, all Directors held their position as a director throughout the entire financial year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group during the financial year were copper mining mineral processing and mineral exploration.

RESULTS OF OPERATIONS

The net loss of the Group after provision for income tax for the year ended 30 June 2016 was $3,451,000 (2015: $4,142,000). Group EBITDA for the year was a loss of $1,852,000 (2015: loss of $2,124,000).

The net loss for the year ended 30 June 2016 includes, depreciation of $1,293,000 (2015: $1,733,000).

The reported financial statements do not include substantial outstanding claims that remain in progress against Hindustan Copper Limited (HCL).

At the end of the financial year HCL resolved part of the claims. Claims in relation to Surda Mine stoppage, material escalation, refund of liquidated damages, and losses from the environmental limit of 400,000 tonnes of production imposed on the mine prior to the commencement of the Surda operations were partly resolved by HCL. As at 30th June 2016, HCL had resolved $2,680,000 worth of claims. During the year IRL vigorously pursued a number of claims in relation to the stoppage, and pursued the resolution of a number of other advanced claims including some related to the August 2013 Arbitration Award. The great majority of these claims remain unresolved. To resolve other issues, IRL approached Mining Secretary and accepted his request to close issues without prejudice, if HCL paid an additional INR 138 M ($2.7M) without any deductions, work positively to resolve issues related to Surda Project and Expansion Project, work together to get clearances for Rakha Project and extend the contract to the extent remaining claims can be recovered. A formal letter to the Mining Secretary show a total value of IRL claim at $12,618,000 excluding the amount already agreed by HCL of $2,680,000. The Group remains in discussion with HCL, Ministry of Mines and Indian Prime Minister's Office to resolve the current outstanding claims.

Going Concern Disclosure

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on:

i. Production from operations in line with budget expectations to generate positive cash flows from the Surda Mine.
ii. Receipt of tax deducted at source (TDS) refunds held by the Indian Taxation Office (ITO).
iii. Obtaining funds to execute the Aravalli Project and the Letter Of Intent (LOI) to issue the Mining Lease.
iv. Continuous support provided by the Group's financiers and creditors.
v. Revenue from the Surda Expansion Project.
vi. Successful settlement of claims by IRL against HCL.
vii. Ability to raise additional funds.
viii. The extension of the Surda contract beyond 31 March 2017.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Clearly the Group faces considerable issues but considers them manageable; indicating a reasonable basis to expect that the Group will continue to operate as a going concern. But this may not be possible without the extension of the Surda contract beyond 31st March 2017. In the absence of prior termination of agreement or as a result of a default, the Contract and Work Order will expire on the later of March 2017 and the completion of the SEPC contract. It is reasonable to assume that there are sound arguments that the contract and Work order should be extended, by agreement with HCL, for a further period of approximately 10 months due to the non-renewal of the mining lease affecting Surda (Force Majeure) and a further period of 57 months to offset claims which IRL has made against HCL. This will however need to be discussed and formally agreed with HCL. Refer to Note 26 for further details.

Directors acknowledge that to enable the Group to continue as a going concern, it requires continued support to be provided by the Group's financiers and creditors, the refund of TDS from the Tax Department in India, the Surda Mine achieving production in line with budgeted expectations resulting in positive operating cashflow, the successful settlement of claims with HCL on favourable terms to the Group and the ability to raise additional finance. Should the Group not be able to continue as going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and reclassification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

The Group Auditor has included a disclaimer of opinion paragraph within the audit report on the basis that they do not have sufficient audit evidence to support the assertions in respect to going concern. Refer to Note 2 for further details.

Recoverability of Plant and Equipment

Included in the consolidated statement of financial position as at 30 June 2016 is plant and equipment of $3,279,000. The Directors' have undertaken an impairment assessment of plant and equipment, and based on the key assumptions used in the impairment model (refer to note 10 for details) are satisfied that the carrying value of plant and equipment of $3,279,000 is recoverable.

The Group Auditor has included a disclaimer of opinion paragraph within the audit report on the basis that they do not have sufficient audit evidence to suggest the assumptions in respect of the recoverability of plant and equipment.

REVIEW OF OPERATIONS

COPPER MINING

During the year, the Group continued its copper mining and other exploration and development activities in India. Copper in concentrate production at the Surda Mine for the year was 2,784 tonnes (2015: 675 tonnes).

CLAIMS AGAINST HINDUSTAN COPPER LIMITED (HCL)

The mine was closed by order of the Government of Jharkhand state because the mining lease for Surda Copper Mine of HCL expired on 14 June 2014 and had not been renewed. HCL's Surda mining lease was renewed in April 2015 until March 2020. HCL resumed operation from June 2015. The arising issues with HCL from the long work closure remain substantially unresolved, yet IRL continues to face an existing net liability to HCL of around INR 110 M ($2.3M). For several months HCL have been deducting 5% of gross copper proceeds from our monthly copper invoices.

Then HCL started delaying the payments which created a cash flow problem. IRL had to approach the court for the timely payments of the monthly invoices. A court hearing issued an order on 26 May 2016 instructing HCL to pay monthly invoices but allowed HCL to deduct an amount of 15% from each invoice. However HCL continued not to make any payments despite the direction of the court. To add to the problem they did not accept any copper concentrate in the month of May on the pretext of name change of the principal contractor of Surda Mine from Swan Gold Mining Limited (SGML) to Eastern Goldfields Limited (EGL) which HCL did not acknowledge at that stage despite all legal submissions. Subsequently, ongoing detailed discussions held with HCL resulted in a provisional agreement between parties. As a result of this agreement IRL agreed to withdraw the immediate proposed legal action against HCL and since then HCL has been making regular payments. IRL and HCL mutually agreed to deductions of 5% of the total amount invoiced from April 2016 to September 2016, 10% in October 2016 and November 2016 and the balance of any outstanding amounts in three equal monthly instalments thereafter.

SURDA EXPANSION PROJECT

The Surda expansion project also suffered work disruptions due to the Surda Mine Closure. Ongoing disputes between IRL's 100% owned subsidiary, IRL Copper Mining Limited (ICMPL), the sub-contractor, with the Principal contractor, Shriram EPC Limited (SEPC), finally led to SEPC purporting to terminate the sub-contract agreement in March 2015. In October 2015 a Memorandum of Understanding (MOU) was signed with Shriram EPC Limited whereby SEPC agreed to withdraw their termination notice of IRL's 100% owned subsidiary, IRL Copper Mining Pvt Ltd (ICMPL). In the MOU the parties agreed to replace the requirement for IRL to provide a Corporate Guarantee with the provision of a third ranking Charge in its Surda Assets (see Note 21). The charge creation between IRL and SEPC took place on 9th December 2015 to secure an amount of INR 69.7M ($1.39M). The MOU is effective from the day the charge on IRL's Surda Assets is in place.

ARAVALLI PROJECT

In December 2014, IRL's 100% owned subsidiary, Crown Mining Pvt Ltd (CMPL), was granted administrative approval for the world class Aravalli lead-zinc project in Rajasthan. Demarcation work was completed for an area of 17.29 km^2. During the financial year Hindustan Zinc Limited (HZL) obtained a stay order granted to it by the revision authority, Ministry of Mines, India against the rejection of its applications by the Government of Rajasthan and the administrative approval granted to CMPL. HZL has not introduced any new evidence or argument to substantiate their right over the area for which Government of Rajasthan has granted administrative approval to Group's subsidiary, Crown Mining Pvt Ltd (CMPL).The Group is confident that stay order will be vacated. While this delay is unwanted it has allowed Group to continue to work towards capital raising to carry out the Aravalli project work. A further hearing date is awaited.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2015: Nil).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

During the course of the next financial year the Group expects to continue operations at the Surda Mine, as well as the Surda Expansion Project, provided the extension of the contract is agreed with HCL for the period beyond March 2017. In the absence of prior termination of the agreement or as a result of a default, the Contract and Work Order will expire on the later of March 2017 or the completion of the Shriram Contract. It is reasonable to assume that there are sound arguments that the contract and Work Order should be extended by agreement with HCL for a further period of about 10 months.

These arguments relate to the non-renewal of the mining lease affecting Surda (Force Majeure) and a further period of 57 months to offset claims which IRL has made against HCL. This will however need to be discussed and formally agreed with HCL.

The Group is also pursuing funding for the Aravalli lead-zinc project in Rajasthan, and obtaining the Letter of Intent to be granted the Mining Lease. With these it will commence drilling and related feasibility work on the project.

In the opinion of the Directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

OPTIONS GRANTED OVER UNISSUED SHARES

At reporting date 8,000,000 (2015:10,000,000) options were unissued over ordinary fully paid .

The options are granted over fully paid shares and are exercisable:

	Number
- at 10.0 cents each on or before 30 November 2017	2,000,000
- at 0.25 cents each on or before 31 December 2017	6,000,000
	8,000,000

Details of options issued and exercised during the financial year are contained in Note 15 to the financial report.

No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of the Company or any other corporation.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the Group during the financial year were as follows:

a) In October 2015 a Memorandum of Understanding (MOU) was signed with Shriram EPC Limited whereby SEPC agreed to withdraw their termination notice of IRL's 100% owned subsidiary, IRL Copper Mining Pvt Ltd (ICMPL). In the MOU the parties agreed to replace the requirement for IRL to provide a Corporate Guarantee with the provision of a third ranking Charge in its Surda Assets (see Note 21). The charge creation between IRL and SEPC took place on 9th December 2015 to secure an amount of INR 6.97 crores ($1.39M). The MOU is effective from the day the charge on IRL's Surda Assets is in place

b) ICMPL resumed the work of shaft sinking from the month of October 2015.

c) The appeal against the Indian Income Tax Office's (ITO) assessment against EGL (for which IRL had indemnified EGL) for the financial years 2010/11, 2011/12 and 2012/13 has been successful. IRL is now in a position to recover several years of tax deducted at source held by ITO. The company is working to recover nearly 20M INR ($0.4M) within months.

HCL have now amended their treatment of the tax they are deducting at source. Previously they were depositing these taxes against EGL's account based on IRL's tax exemption certificate. However, in May 2015 they deposited these taxes in IRL's account for the 2013/14 and 2014/15 financial years.

d) Since recommencing production at the Surda copper mine in June 2015 after a period in which the mine was closed for 9 months on government order, Company has made substantial efforts to ramp up copper production to economically sustainable levels.

HCL did not pay the invoices for the monthly supply of copper concentrate in a timely manner for several months in 2015-16. Sadly, HCL also commenced deducting amounts from the invoices to recover advances made during the mine closure, which is contrary to previous commitments made by HCL to IRL. This created ongoing cash flow limitations at a time when significant capital expenditure was required as part of the production ramp up.

With the failure of a mediation meeting in April 2016 with the Ministry of mines, IRL had no other options but to apply to the High court in Kolkata in late May 2016 to seek remedies pursuant to Section 9 of the Arbitration and Conciliation Act, 1996, for an injunction to restrain HCL from making any deductions from the invoices for the monthly supply of copper concentrate and to pay invoices in a timely manner in accordance with the agreement.

A court hearing issued an order on 26 May 2016 instructing HCL to pay invoices for the monthly supply of copper concentrate but allowed HCL to deduct an amount of 15% from each invoice. However HCL continued to not make any payments despite the direction from the court. To add to the problem HCL did not accept any copper concentrate in the month of May. This had a dramatic impact on the IRL cash flow which directly affected production.

Pursuant to the court order and a meeting on 4th and 6th June 2016, HCL and IRL signed a provisional agreement. As a result of this agreement IRL agreed to withdraw the immediate proposed legal action against HCL and since then HCL has been making regular payments. By this provisional agreement IRL has agreed to deductions of 5% of the total amount invoiced from April 2016 to September 2016, 10% in October 2016 and November 2016 and the balance of any outstanding amounts in three equal monthly instalments thereafter.

As an aside, the original principal contractor for the Surda Work Order was Swan Gold Mining Limited (SGML) with IRL subcontracted to operate the Surda Mines. SGML changed its name to Eastern Goldfields Limited (EGL) which has been notified to HCL. HCL did not recognise the name change, despite the change of name certifications having been provided. However that problem has been solved with HCL recognising the change of name subsequently.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18th August 2016 there was a market release by ASX that the securities of India Resources Limited (the Company) will be placed in Trading Halt Session State at the request of the company, pending the release of an announcement.

The Company received a query from ASIC asking if the Company is trading insolvent and subsequently, Pitcher partners were appointed by the company to give a report about the solvency of the Company.

As per their report the Company has the capability to continue as going concern provided it is recapitalized and payment plans are agreed with creditors. The option for voluntary administration was not recommended. However it was recommended that the company closely monitors its position over the next two months and in the event that operations are hindered, the company's creditors are unwilling to agree to further extended payment terms and the company fails to raise necessary funding, the company will need to consider its options.

A deed of assignment of right has been signed between India Resources Limited (IRL) and Eastern Goldfields Limited (EGL) for payment of $137,728, by EGL to IRL against the right of shares hold by IRL in the Group Trust account of EGL.

No other matters or circumstances has arisen since 30th June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

INFORMATION ON DIRECTORS

Director	**Qualifications, experience and special responsibilities**
Andrew V Simpson Non-Executive Chairman	Grad. Dip. Bus. (Curtin) MAICD A Director since August 2006 and Chairman since February 2008. Mr Simpson is a senior corporate executive with extensive business development and global marketing experience in the resource and mining industry, including more than 30 years in international marketing and distribution of minerals and metals. He is a professional Company Director and also the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson is a member of the remuneration committee and the audit committee. Other current Directorships: Swick Mining Services Limited (since October 2006) and Vital Metals Limited (since February 2005). Former Directorships in the last three years: Kaboko Mining Limited (resigned November 2013), Territory Resources Limited (resigned December 2013) and Blackwood Corporation (previously Matilda Minerals Limited) (resigned December 2013). B.Tech.(Mining Engineering), B.Comp.Studies, MAusIMM, MAICD

Arvind Misra

A Director since February 2008 and Managing Director from April 2009. Mr Misra is a Mining Engineer with over 25 years' experience in the resources industry with extensive skills in business improvement and project mine management. Mr. Misra has worked in various companies covering all aspects of underground and open pit mining in various regions covering Australia, Africa and India. He previously established a contracting company, Aranak Pty Ltd and consulted on numerous high profile projects for BHP Mitsubishi Alliance LionOre Norseman Gold, Brandrill Limited, Zambia Copper Mine(Ango American) and Griffin Coal. Mr. Misra is contracted to perform the duties of Managing Director through a consultancy agreement between Aranak Pty Ltd and the Company.

Mr Misra has not held Directorships in any other listed companies in the last 3 years.

Managing Director

David J Humann

Non-Executive Director

FCA FCPA FAICD

Mr Humann was previously a Director of the Company between April 2007 and July 2008. He was reappointed in July 2010. Mr Humann is a Fellow of the Institute of Chartered Accountants, a Fellow of the Institute of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors.

He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China firm) from 1986 until 1995. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the global firms' World Executive Management Committee based in London, and New York. He was formerly a member of the Australian and New Zealand Firms' Executive Policy Committee.

Mr Humann is Chairman of the audit committee.

Other current Directorships:
Non-executive Chairman of Mincor Resources NL, Non-executive Director of several companies being members of the EXXARO Group (since July 2015), Non-executive Director of Skin Elements Limited (since August 2016).

Former Directorships in the last three years:
Advanced Braking Technologies Ltd (2006 – 2013).

INFORMATION ON COMPANY SECRETARY

Frank Campagna

B.Bus (Acc) CPA

Company Secretary since August 2006. Mr Campagna is a Certified Practicing Accountant with over 25years experience as Company Secretary, Financial Controller and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Details of Directors' interests in the securities of the Company as at the date of this report are as follows:

Director	Fully paid shares	Unlisted options
A Simpson	22,000,000	-
A Misra	44,762,773	6,000,000
D Humann	25,000,000	-

MEETINGS OF DIRECTORS

There were five board meetings, two audit committee meetings and nil remuneration committee meetings during the year. The number of meetings attended by each Director was as follows:

	Board meetings		Audit committee		Remuneration committee	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
A Simpson	5	5	2	-	-	-
A Misra	5	5	-*	1*	*	*
D Humann	5	5	2	2	-	-

* Not a member of this committee. Where attended, attended by invitation.

REMUNERATION REPORT (AUDITED)

This report sets out the remuneration arrangements in place for Directors and key management personnel of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The information provided in this remuneration report has been audited as required by Section 300(A) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration
Directors' and executives' remuneration
Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the remuneration committee meets, both formally and informally, to consider remuneration policies and practices generally and determines specific remuneration packages and other terms of employment for executive Directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed by the remuneration committee having regard to performance, relevant comparative information and expert advice.

The Company's remuneration policy for executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Executive Directors receive a base remuneration which is market related together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

The Company's remuneration policies are designed to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy include:

- reward reflects the competitive market in which the Group operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The structure of remuneration packages for executive Directors and other senior executives comprises:

- a fixed sum base salary payable monthly in cash;
- short term incentives, through eligibility to participate in performance bonus plans and cash bonuses;
- long term incentives through executive Directors being eligible to participate in the share option plan as approved by shareholders. Senior executives may also participate in the employee share option plan, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders; and
- other benefits, including participation in superannuation schemes.

The proportion of fixed and variable remuneration is established for each executive by the remuneration committee. The objective of any short term incentives is to link the achievement of the Group's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth. The Group's activities comprise the exploration, evaluation and development of mineral tenements aimed at identifying economic mineral deposits capable of development. The Group's financial performance reflects the nature of these ongoing activities.

The payment of bonuses, share options and other incentive payments are reviewed by the Board as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The annual performance objectives are the means by which the Company links Company performance and remuneration policy. Having regard to the current stage of the Group's development, the linking of remuneration policy to production performance milestones and progress rather than earnings is considered the most appropriate method of rewarding relevant senior executives. These principles are expected to continue to provide appropriate incentives for key management personnel.

Non-executive Directors' remuneration
In accordance with current corporate governance practices, the structure for the remuneration of non-executive Directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive Directors, with the current approved limit being $500,000. The Board determines the actual payments to Directors. The Board approves any consultancy arrangements for non-executive Directors who provide services outside of and in addition to their duties as non-executive Directors.

Non-executive Directors are entitled to statutory superannuation benefits. At this stage of the Company's development, non-executive Directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders. All Directors are entitled to have their indemnity insurance paid by the Company.

During the financial year ended 30 June 2016 the company did not engage remuneration consultants.

Details of remuneration
The following table discloses details of the nature and amount of each element of the remuneration of the Directors and key management personnel of the Group and the Company.

(a) Details of key management personnel

Name	***Position***
Arvind Misra	Managing Director
Andrew Simpson	Chairman (Non-Executive)
David Humann	Director (Non-Executive)
Michael Muhling (a)	Group Commercial Manager
Andrew Kohler (b)	Group Technical Services Manager

(a) Mr Muhling resigned and his notice period finished on 12th September 2016.
(b) Mr Kohler has mutually separated from the company on 7th July 2016.

(b) Compensation of key management personnel

Remuneration by category	**2016 $**	**2015 $**
Key management personnel		
Short-term	878,455	822,329
Post-employment	-	-
Long Term Benefits	32,042	40,603
Share-based payment	-	235,000
	910,497	1,097,932

2016	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees $	Cash bonus (b) $	Super-annuation $	Annual and long service leave (c) $	Options $	Shares $	Total $	Perform-ance related $
Directors								
Executive Director								
A Misra (a)	400,000	-	-	32,042	-	-	432,042	-
Non-executive Directors								
A Simpson (a)	65,700	-	-	-	-	-	65,700	-
D Humann (a)	43,600	-	-	-	-	-	43,600	-
Other executives								
M Muhling (e)	201,120	-	-	-	-	-	201,120	-
A Kohler (d) (f)	168,035	-	-	-	-	-	168,035	-
Total	878,455	-	-	32,042	-	-	910,497	-

(a) The remuneration report has been prepared on an accruals basis. The total amount accrued and liable to all directors for remuneration at 30 June 2016 was $1.14M.
On a cash basis Mr Misra was paid $201,667 during the year.
(b) No cash bonuses were provided for by the Company for Mr Misra in respect of the Key Performance Targets during the 2016 year.
(c) Mr Misra's long term benefits include a provision for statutory long service leave which has been adjusted to fair value. The total amount of leave provided for Mr Misra at 30 June 2016 was $289,785.
(d) Mr Kohler was appointed Group Technical Services Manager and worked throughout the year
(e) Mr Muhling resigned and his notice period finished on 12th September 2016.
(f) Mr Kohler has mutually separated from the company on 7th July 2016

2015	Short term		Post-employment	Long term benefits	Share based payments		Total	
Name	Cash salary and fees $	Cash bonus (b) $	Super-annuation $	Annual and long service leave (c) $	Options $	Shares $	Total $	Perform-ance related $
Directors								
Executive Director								
A Misra (a)	400,000	-	-	40,603	-	125,000	565,603	-
Non-executive Directors								
A Simpson (a)	65,700	-	-	-	-	45,000	110,700	-
D Humann (a)	43,600	-	-	-	-	55,000	98,600	-
Other executives								
M Muhling	206,645	-	-	-	-	7,500	214,145	-
A Kohler (d)	106,384	-	-	-	-	2,500	108,884	-
Total	822,329	-	-	40,603	-	235,000	1,097,932	-

(a) The remuneration report has been prepared on an accruals basis. The total amount liable to directors for remuneration at 30 June 2015 was $760,000. On a cash basis Mr Misra was paid $433,333 during the year.
(b) No cash bonuses were provided for by the Company for Mr Misra in respect of the Key Performance Targets during the 2015 year.
(c) Mr Misra's long term benefits include a provision for statutory long service leave which has been adjusted to fair value. The total provision for annual and long service leavet of leave provided in respect to Mr Misra at 30 June 2015 was $257,743.
(d) Mr Kohler was appointed Group Technical Services Manager and worked throughout the year as a casual consultant until employed full time on 21 June 2015.

All Directors and key management personnel, in the above tables, work for the Company.

Compensation options: granted and vested during the year

No options were issued to directors or officers during the year ended 30 June 2016 or 30 June 2015.

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Options granted as part of remuneration

Information on any benefits received by Directors of the Company by reason of a contract made by the Group with a Director or a Director-related entity is contained in Note 17 of the financial report.

Service agreements

The terms of employment for executive Directors and key management personnel are formalised in service agreements. Major provisions of the agreements relating to duration and termination are set out below.

Andrew Simpson – Non-Executive Chairman

Term of agreement: No fixed term.
Remuneration: At the date of this report his director fee is $65,700 (2015: $65,700 all inclusive) per annum payable to Resources and Technology Marketing Services Pty Ltd.
Termination provisions: None.

Arvind Misra – Managing Director

Term of agreement: No fixed term.
Remuneration: At the date of this report, the current consulting fee payable to Aranak Pty Ltd is $400,000 (2015:$400,000) per annum. Mr Misra is also entitled to a performance bonus of up to 50% of base remuneration (2015: 50% of base remuneration) dependent upon achievement of pre-determined performance targets.
Termination provisions: The agreement can be terminated by the Company upon giving six months' notice and by Mr Misra giving three months' notice.

David Humann – Non-Executive Director

Term of agreement: No fixed term.
Remuneration: At the date of this report his director fee is $43,600 (2015: $43,600) payable to James Anne Holdings Pty Ltd.
Termination provisions: None.

Michael Muhling – Group Commercial Manager

Term of agreement: No fixed term.
Remuneration: At the date of this report, the current consulting fee payable to Aurum Corporate Pty Ltd is $201,100 per annum (2015: $206,645). There is no entitlement to an incentive or bonus payment.
Termination provisions: The agreement can be terminated by the Company upon giving three months' notice and by Mr Muhling giving two months' notice.
Mr Muhling has resigned and his notice period finished on 12th September 2016.

Andrew Kohler - Group Technical Services Manager

Term of agreement: No fixed term.
Remuneration: At the date of this report, the current consulting fee payable to Mr Andrew Kohler is $168,035 per annum. He may be entitled to a maximum bonus of $28,000 per annum dependent upon achievement of pre-determined performance targets.
Termination provisions: The agreement can be terminated by the Company upon giving four weeks' notice and by Mr Kohler giving 4 weeks' notice.
Mr Kohler has mutually separated from the company on 7th July 2016.

Share-based compensation

Directors, employees and consultants may be eligible to participate in equity based compensation schemes. An employee share option scheme has been adopted by the Board of the Company. The primary purposes of the scheme are to increase motivation, promote retention, align interests with those of the Company and its shareholders and to reward contribution to the growth of the Company. The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

(c) **Option holdings of key management personnel** (*Options in India Resources Limited - number)*

2016	Balance at 1 July 2015 or at date of appointment	Granted as remuneration	Options lapsed	Other changes	Balance at 30 June 2016 or at date of resignation	Balance vested and exercisable at 30 June 2016
A Simpson	-	-	-	-	-	-
A Misra	6,000,000	-	-	-	6,000,000	6,000,000
D Humann	-	-	-	-	-	-
M Muhling	-	-	-	-	-	-
A Kohler	-	-	-	-	-	-
Total	6,000,000	-	-	-	6,000,000	6,000,000

(d) **Shareholdings of Key Management Personnel** *(Shares in India Resources Limited - number)*

2016	Balance at 1 July 2015 or at date of appointment	Granted during the year as remuneration	On market purchases (sales)	Balance at 30 June 2016 or at date of resignation
A Simpson	22,000,000	-	-	22,000,000
A Misra	44,762,773	-	-	44,762,773
D Humann	25,000,000	-	-	25,000,000
M Muhling	7,500,000	-	2,500,000	10,000,000
A Kohler	-	-	-	-
Total	99,262,773	-	2,500,000	101,762,773

Except for equity issued as part of remuneration, all equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(e) Other transactions with Key Management Personnel (KMP)

The following transactions occurred during the year between the Group and KMP or their related entities:

(i) During the year, the Company incurred $95,840 (2015: $166,480) in consulting and contract services with Aranak Pty Ltd for the services provided by the Corporate Finance Officer and Administrative Officer in Perth Office, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2016 $671,789 (2015: $421,931) was payable to Aranak Pty Ltd (excluding leave provisions). This includes the payable to the Finance Officer and administrative officer to be paid through Aranak Pty Ltd.

(ii) At 30 June 2016 $33,598 (2015: $NIL) was payable to Aurum Corporate Pty Ltd and $95,532 was payable to Mr Muhling directly (2015: $33,250).

(iii) The company pays the fees of Mr Andrew Simpson, the non-executive Chairman, through his private company Resource & Technology Marketing Services Pty Ltd. At 30 June 2016, $144,853 (2015: $72,623) was accrued as payable to Resource and Technology Marketing Services Pty Ltd for outstanding director fees.

(iv) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2016 $51,957 (2015: $11,990) was accrued as payable to James Anne Holdings Pty Ltd $1,101 was payable at 30 June 2016 to Mr David Humann directly (2015:$396).

(v) At 30 June 2016, $98,510 was payable to Mr Kohler.

Bonuses
Bonuses reported as income for Mr Misra during the financial year were Nil.

2015 Annual General Meeting
During the year, more than 94.37% of eligible, voting shareholders supported the Company's Remuneration report at the 2015 Annual General Meeting (AGM).

Compensation options: granted and vested during the year

During the 2016 financial year and the 2015 financial year, no options were granted or vested as equity compensation benefits.

Shares issued on exercise of compensation options
No compensation options were exercised or expired during the financial year ended 30 June 2016 (2015: Nil)

Employee option plan and share purchase plan
The establishment of the Company Employee Share Option Plan and Share Purchase Plan was approved by shareholders on 17 May 2007. The plans are designed to provide long term incentives to senior management and employees to deliver long term shareholder returns.

Any option issues are made in accordance with thresholds set in plans approved by shareholders. Options are granted under the plan for no consideration and carry no dividend or voting rights.

No loans have been provided to Key Management Personnel, and there are no other transactions with Key Management Personnel other than those identified in this report.

End of the audited remuneration report.

Insurance of officers
During the financial year, the Company paid premiums of $16,985 (2015: $21,500) to insure the Directors and other officers of the Group. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has entered into indemnity agreements with each of the Directors and officers of the Company. Under the agreements, the Company will indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

NON-AUDIT SERVICES
During the year, the Company's Indian external auditors, Haribhakti & Co., provided other services in addition to its statutory audit function. Non-audit services provided by the external auditors comprise $2,072 (2015: $1,934) for taxation advisory services. These services were not provided by the head auditor, BDO Audit (WA) Pty Ltd. Further details of remuneration of the auditors are set out in Note 18.

The Board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance guidelines adopted by the Company;
- all non-audit services have been reviewed by the Board to ensure that they do not impact the impartiality and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting and Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included immediately following the Directors' Report and forms part of the Directors' Report.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its mining and mineral exploration activities. These obligations are regulated under relevant government authorities within India. The Group is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Company by any government agency during the financial year ended 30 June 2016.

National Greenhouse and Energy Reporting Act 2007

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Entity is not subject to the National Greenhouse and Energy Reporting Act 2007.

ROUNDING

The amounts contained in the Directors' Report and financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC legislative Instrument 2016/191. The Company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

The Company's corporate governance disclosure is available on the Company's website at: *www.indiaresources.com.au/core-value/corporate-governance.html*

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors,

A Misra
Managing Director

Perth, Western Australia
30 September 2016

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF INDIA RESOURCES LIMITED

As lead auditor of India Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of India Resources Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Revenue			
Revenue and other income	3(a)	11,359	3,986
Expenses			
Production costs		(12,650)	(4,846)
Employees and directors – remuneration expenses	3(b)	(167)	(263)
Employees and directors – share based payment expenses		-	(298)
Corporate and administrative expenses	3(d)	(81)	(117)
Depreciation and amortisation	3(c)	(1,293)	(1,733)
Finance costs		(306)	(285)
Exploration and evaluation costs written off	12	(7)	(586)
Impairment of investments		(20)	-
Impairment of receivables	6	(286)	-
(Loss) before income tax expense		(3,451)	(4,142)
Income tax expense	4	-	-
(Loss) after income tax		(3,451)	(4,142)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	16	66	311
Available for sale Reserve	16	169	-
Other comprehensive income / (loss) for the year, net of tax		235	311
Total comprehensive (loss) for the year		(3,216)	(3,831)
(Loss) is attributable to:			
Shareholders of India Resources Limited		(3,451)	(4,142)
Total comprehensive (loss) for the year is attributable to:			
Shareholders of India Resources Limited		(3,216)	(3,831)
(Loss) per share for the year attributable to the members of India Resources Limited			
Basic and diluted (loss) per share (cents per share)	20	(0.3)	(0.5)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	5,24	89	410
Trade and other receivables	6	2,805	2,047
Inventory	7	218	1,251
Prepayments	8	401	491
Total Current Assets		**3,513**	**4,199**
Non-Current Assets			
Other financial assets	9	391	146
Plant and equipment	10	3,279	3,715
Mine development	11	-	5
Deferred exploration expenditure	12	3,345	3,203
Total Non-Current Assets		**7,015**	**7,069**
TOTAL ASSETS		**10,528**	**11,268**
Current Liabilities			
Trade and other payables	13	8,517	6,291
Borrowings	14	2,025	1,887
Total Current Liabilities		**10,542**	**8,178**
Non-Current Liabilities			
Trade and other payables	13	631	519
Total Non-Current Liabilities		**631**	**519**
TOTAL LIABILITIES		**11,172**	**8,697**
NET ASSETS/ (LIABILITIES)		**(645)**	**2,571**
Equity			
Contributed equity	15	40,447	40,447
Accumulated losses		(39,220)	(35,769)
Reserves	16	(1,872)	(2,107)
TOTAL EQUITY/ (DEFICIENCY IN EQUITY)		**(645)**	**2,571**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2014	**38,079**	**(2,149)**	**(31,896)**	**4,034**
Loss after income tax	-	-	(4,142)	(4,142)
Other comprehensive (loss)	-	311	-	311
Total comprehensive (loss)	-	311	(4,142)	(3,831)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,600	-	-	1,600
Extinguishment of loan	523	-	-	523
Share based payments	298	-	-	298
Cost of share issue	(53)	-	-	(53)
Transfer to (from) reserves	-	(269)	269	-
At 30 June 2015	**40,447**	**(2,107)**	**(35,769)**	**2,571**
Loss after income tax	-	-	(3,451)	(3,451)
Other comprehensive income	-	235	-	235
Total comprehensive income (loss)	-	235	(3,451)	(3,216)
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Extinguishment of loan	-	-	-	-
Share based payments	-	-	-	-
Cost of share issue	-	-	-	-
Transfer from reserves	-	-	-	-
At 30 June 2016	**40,447**	**(1,872)**	**(39,220)**	**(645)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		10,315	4,342
Payments to suppliers and employees		(10,306)	(5,618)
Interest received		-	1
Interest paid		(306)	(285)
Net cash (outflow) from operating activities	24(b)	(297)	(1,560)
Cash flows from investing activities			
Payments for exploration and evaluation	12	(164)	(187)
Payments for purchase of plant and equipment	10	(209)	(65)
Net cash inflow (outflow) from investing activities		(373)	(252)
Cash flows from financing activities			
Proceeds from issues of shares		-	1600
Share issue transaction costs		-	(53)
Proceeds from borrowings		138	587
Net cash inflow from financing activities		138	2,134
Net increase in cash and cash equivalents		(532)	322
Cash and cash equivalents, including overdraft, at the beginning of the financial year		(1,477)	(1,536)
Effects of exchange rate changes on cash and cash equivalents		73	(263)
Cash and cash equivalents, including overdraft, at the end of the financial year	24(a)	(1,936)	(1,477)
Non cash investing and financing activities	24(b)		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

1. CORPORATE INFORMATION

The financial report of India Resources Limited (Company) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on the date of signing of the Directors' Report.

India Resources Limited (Company) is a company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia. The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

The financial statements were authorised for issue by the directors on 30 September 2016. The directors have the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers the consolidated entity comprising India Resources Limited and its controlled entities (the Group). The separate financial statements of the parent entity have not been presented with this financial report as permitted by amendments made to the Corporations Act effective as at 30 June 2016.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. India Resources Limited is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS
The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended accounting standards and interpretations adopted
No new and amended accounting or standards and interpretations which were mandatory for the first time for the financial year beginning 1 July 2015, affected the Group in the current period, or any prior period and are not likely to affect future periods.

New accounting standards and interpretations issued but not yet effective
The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2016, and no changes to the Group's accounting policy are required:

AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 July 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

		(d) **Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:** ▪ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▪ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.		
AASB 15	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2018
AASB 16	Leases	IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2019

The Group has not elected to early adopt any new Standards or Interpretations.

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors are of the opinion that, as at the date of these financial statements, the Group is a going concern and, as a result, the financial report for the year ended 30 June 2016 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

During the year ended 30 June 2016, the Group recorded a loss of $3,451,000 (2015: $4,142,000) and, as at the reporting date, the Group's current liabilities exceeded its current assets by $7,029,000 (2015: $3,979,000). It is noted that this loss includes the following non-cash items:

- Depreciation and amortisation expenses of $1,293,000;
- Impairment of receivables of $286,000;
- Impairment of investments of $20,000; and
- Exploration written off of $7,000.

These non-cash items amount to $1,606,000, leaving $1,845,000 loss that is cash based.

The Group's losses, especially its cash losses, can clearly be attributed to the effect of Surda Mine closure from 8 September 2014 to June 2015 and the cost of the ramp up period to reach optimum production level. The shut down of Surda Mine is directly attributable to Hindustan Copper Limited being unable to renew its mining lease. For reopening of Surda in June 2015, HCL committed to resolve the significant and long outstanding claims by IRL against HCL. HCL has not fully resolved these disputes despite repeated attempts by IRL with HCL, the Ministry of Mines and the Prime Minister's Office level in India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IRL considers HCL entirely responsible for its losses during Surda shutdown, but HCL continue to only accept IRL's claims for direct dewatering, care and maintenance costs at the mine amounting to 34.5M INR ($0.7M) out of IRL's claims exceeding 250M INR ($5.1M).

Other disputes also remain unresolved, including the losses arising from the plant closure, disputes arising from the arbitration award (especially regarding material escalation), and losses from the environmental limit of 400,000 tonnes of production imposed on the mine prior to the commencement of the Surda operations.

The Group continues to pursue these claims against HCL with the view they are genuine and reasonable, and once resolved are expected to correct the net current asset deficit. However, these claims will take time to resolve, and prior to doing so operations will face pressures from employees and creditors that may threaten the company's ability to continue. During the Perth visit by HCL Chairman, he was requested to resolve the claims and to allow recapitalisation of the mine. The Ministry of Mines was approached by IRL on several occasions and on 25th May 2016 a formal letter was submitted. The Ministry and the Prime Minister Office have asked HCL to resolve the matter.

In addition to lengthy time frames needed in India for claims resolution, HCL started delaying the monthly Copper sales payments which created a cash flow problem. IRL had to approach court for the timely payments of the running invoices for copper produced. A court hearing issued an order on 26 May 2016 instructing HCL to pay IRL's monthly invoices but allowed HCL to deduct an amount of 15% from each invoice. However HCL continued not to make any payments despite the direction of the court. To add to the problem HCL did not accept any copper concentrate in the month of May on the pretext of name change of the Surda's Principal Contractor EGL Gold Mining Limited to Eastern Goldfields Limited. Despite all legal submissions and pursuant to the Court Order IRL was obliged to hold detailed discussions with HCL.A provisional agreement between parties was arrived at. As a result of this agreement IRL agreed to withdraw the immediate proposed legal action against HCL and since then HCL has been making regular payments.
IRL has agreed to deductions of 5% of the total amount invoiced from April 2016 to September 2016, 10% in October 2016 and November 2016 and the balance of any outstanding amounts in three equal monthly instalments thereafter.

It is crucial that the Surda operations produce copper in line with budgeted expectations to support the financial viability of operations.

The Company also expects to soon begin receiving long outstanding amounts of tax deducted at source (TDS) from the Indian Tax Office (ITO) which were delayed by the ITO issuing a tax assessment against Eastern Goldfields Mining Limited (EGL) (see further comments below, and also refer to Note 21).EGL has won the appeal against the Income Tax Office (ITO) in India for the year 2010-11,2011-12 and 2012-13.The company is pursuing recovery of the TDS held with the ITO. Additionally, HCL have now amended their treatment of IRL's TDS which corrects this problem going forward.

Aravalli, a world class lead-zinc project, is the company's primary asset. The company continues to receive positive interest to fund the Aravalli Project and this has been further assisted by the successful appeals regarding the EGL tax matter. Therefore it is assumed that the company will ultimately find the financing for the Aravalli Project required to be granted the letter of intent and progress the Bankable Feasibility Study (BFS).

HCL has cancelled Rakha Letter of Intent (LOI) due to its inability to secure regulatory approval. The Company has protested HCL's decision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Therefore the following issues are considered important to support the Group's ability to continue as a going concern:

i) Production from operations in line with budget expectations to generate positive cash flows from the Surda Mine.
ii) Receipt of tax deducted at source (TDS) refunds held by the Indian Taxation Office (ITO).
iii) Obtaining funds to execute the Aravalli Project and the Letter Of Intent (LOI) to issue the Mining Lease.
iv) Continuous support provided by the Group's financiers and creditors.
v) Revenue from the Surda Expansion Project.
vi) Successful settlement of claims by IRL against HCL.
vii) Ability to raise additional funds.
viii) The extension of the Surda contract beyond 31 March 2017.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Clearly the Group faces considerable issues but considers them manageable; indicating a reasonable basis to expect that the Group will continue to operate as a going concern. But this may not be possible without the extension of the Surda contract beyond 31st March 2017. In the absence of prior termination of agreement or as a result of a default, the Contract and Work Order will expire on the later of March 2017 and the completion of the SEPC contract. It is reasonable to assume that there are sound arguments that the contract and Work order should be extended, by agreement with HCL, for a further period of approximately 10 months due to the non-renewal of the mining lease affecting Surda (Force Majeure) and a further period of 57 months to offset claims which IRL has made against HCL. This will however need to be discussed and formally agreed with HCL. Refer to Note 26 for further details.

Directors acknowledge that to enable the Group to continue as a going concern, it requires continued support to be provided by the Group's financiers and creditors, the refund of TDS from the Tax Department in India, the Surda Mine achieving production in line with budgeted expectations resulting in positive operating cashflow, the successful settlement of claims with HCL on favourable terms to the Group and the ability to raise additional finance. Should the Group not be able to continue as going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and reclassification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

(b) Basis of consolidation

The consolidated financial statements are those of the group comprising India Resources Limited (India Resources, IRL or Company) and all entities (including special purpose vehicles) that India Resources controlled during the year and at the reporting date. Group entities, including special purpose entities, are those over which the group has the power to govern the financial and operating policies with a shareholding of more than 50% of the voting rights. Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control. Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following significant accounting judgements and estimates in the preparation of these financial statements.

Contingent liability

A memorandum of Understanding has been signed with SEPC in which SEPC agreed to withdraw its termination notice and replace its requirement for a corporate guarantee with a third ranking charge on IRL's Surda assets. Creation of Charge dated 9th December 2015 between India Resources Limited (first party) and SEPC (second party) to secure an amount of INR 69,700,000 ($1.39M) and was registered under the provisions of Chapter VI of the Companies Act 2013 (India).

Income tax expense

The income tax expense for Indian subsidiaries has been estimated and calculated based on management's best knowledge of Indian Income Tax legislation. There may be differences with the treatment of individual jurisdiction provisions but these are not expected to have any material impact on the amounts as reported.

Exploration and evaluation rights to tenure

The carrying value of the Group's exploration and evaluation asset relates to the Groups interest in the Aravalli base metals project. The Group is currently in the process of obtaining a mining license for the project. The Group continues to work with the Government of Rajasthan to obtain a LOI for the Aravlli project. Although this process has suffered delay due to a Stay Order on IRL exploration ground granted by Revision Authority, Ministry of Mines, India on the progress of Company's ML application. The applicant of stay petition Hindustan Zinc Limited has made competing claims on the ground which Government of Rajasthan has previously rejected on many occasions.

In the current financial year, $157,000 has been capitalised to exploration and evaluation costs and has been carried forward on the basis that the Group has rights to tenure to the project.

Exploration and evaluation

Exploration and evaluation expenditure has been carried forward in accordance with policy 2(g) on the basis that exploration and evaluation activities have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable resources are not assessed as being present, this expenditure will be expensed to profit or loss. Exploration assets include expenditure incurred acquiring the right to apply for tenements, and expenditure on tenements that remain under application for which the Group have the preferential right to the tenements.

Carrying value of Surda Project assets

The carrying value of the Group's assets relating to the Surda contract copper mining project has been assessed on the basis that the Group achieves positive cashflows and the work order extension is granted. (See also Note 10). Based on this, the Directors are confident that the assets are not impaired. Should the Group not be able to maintain normal mining operations to achieve positive cash flows, or the work order extension is not granted, there remains a risk that it may not be able to realise its assets relating to the Surda project at the amounts stated in the financial report.

Provision for impairment of receivables

The Group tests annually whether receivables have suffered any impairment. The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history. Refer to note 6 for details on the Provision for Impairment of Receivables and Receivables written off during the year as uncollectable.

Provision for obsolescence of stores and spares inventory

The Group assesses each reporting date as to whether any provision is necessary to be made against inventory. Factors such as the age of inventory, its net realisable value and the ability of the Group to utilize

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the inventory on its Surda operations are all considered when determining whether a provision is necessary. Major spare parts and servicing equipment for the Group's plant and equipment are capitalised to property, plant and equipment and depreciated over their useful life.

Share based payment transactions
The Company measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by internal valuation using a Black-Scholes valuation methodology using the assumptions disclosed in Note 15.

(d) Parent entity financial information

The financial information for the parent entity India Resources Limited, disclosed in Note 27, has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of India Resources Limited. Such investments include both investments in shares issued by the subsidiary and other parent entity interest that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

(e) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of the Company is Australian dollars ($). The functional currency of the Indian registered subsidiary companies is Indian rupee (INR). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency.

(ii) Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

All exchange differences relating to transactions and balances denominated in foreign currency in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(iii) Translation of financial reports of foreign operations
The assets and liabilities of subsidiary companies are translated to the Group presentation currency at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. Any exchange differences are taken directly to the foreign currency translation reserve. On disposal of a foreign entity, cumulative deferred exchange differences are recognised in profit or loss as part of the profit or loss on sale.

(f) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less any provision for impairment. An estimate of the provision for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- Exploration activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against any exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the impairment allowance is charged against profit or loss for the year.

When an area of interest is abandoned, any expenditure carried forward in respect of that area of interest is written off in the year in which the decision to abandon is made. Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Amortisation is not charged on areas under development, pending commencement of production.

(h) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and long service leave and any other benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

(i) Share based payment transactions

The Company provides benefits to employees (including Directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions").There is currently an Employee Incentive Option Scheme and an Employee Share Scheme in place to provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined by internal valuation using a Black-Scholes valuation methodology, details of which are given in Note 15. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The profit or loss charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.
Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of earnings or loss per share (see Note 20).

(j) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised.

Interest
Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Copper revenue
Revenue from the sale of copper concentrate produced at the Surda project is recognised at the fixed contract price with the client, Hindustan Copper Limited. Revenue from the sale of copper concentrate is recognised when the product is suitable for delivery and has been despatched to the customer and is no longer under the physical control of the Group.

Consulting
Revenue from consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment loss. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight line basis on all plant and equipment. Major depreciation periods are:

Plant and equipment	8 years
Motor vehicles	10 years

Until the last financial year, plant and equipment had been depreciated over ten years but due to a change in the Indian company law this period has been adjusted to 8 years (Refer to Note 3(c)).

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(l) Impairment of non-financial assets

Where an indicator of asset impairment exists, the entity makes a formal estimate of recoverable amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(n) Taxation

(i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax, however, is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) **Trade and other payables**

Trade payables and other payables are carried at amortised cost (after initial recognition at fair value) and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) **Earnings per share**

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares assumed to have been issued for no consideration in relation to potential ordinary shares.

(q) **Cash and cash equivalents**

Cash and short term deposits in the Statement of Financial Position comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash includes cash on hand and in banks, as defined above (and money market investments readily convertible to cash on hand), net of outstanding bank overdrafts.

(r) **Contributed equity**

Issued share capital is recognised as equity at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) **Mine development costs**

Mine development expenditure represents the costs incurred in preparing mines for recommissioning and production, and also includes other directly attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases for which tenure is current. Once production commences, these costs are amortised over the remaining lease term. For the Surda Project the costs are amortised on a straight line basis over the remaining term, of the current contract, being to March 2017.Development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

(t) **Inventories**

Inventory comprises of stores and spares, copper concentrate on hand and copper in circuit. Inventory is stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and a proportion of indirect overhead expenditure allocated on the basis of relevant operating capacity. Costs are assigned to individual items of inventory on the basis of the first in first out allocation method. Costs of purchased inventory are determined after deducting applicable rebates and discounts.Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and to make the sale.

(u) **Leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(v) **Borrowings**

All loans and borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

(w) **Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Other financial assets - investments

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, available for sale, and loans and receivables. Management determines the classification of its investments at initial recognition. Investments comprising principally marketable equity securities are non-derivatives that are either designated in this category or not classified in any of the other categories.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Available for sale
Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other categories.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method. Financial assets at fair value through profit or loss are subsequently carried at fair value. Available for sale assets are subsequently carried at fair value through other comprehensive income, unless the asset is determined to be impaired by management, in which case the fair value movement is recognised through profit or loss.

Impairment
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(y) Derivatives

Derivatives are initially recognised at fair value on the date of the transaction and are subsequently re-measured to their fair value at conversion, extinguishment and reporting dates. All movements in derivatives are taken to profit or loss.

(z) Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC legislative Instrument 2016/191. The Company is an entity to which the Class Order applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

3. REVENUE AND EXPENSES

		2016 $'000	2015 $'000
(a)	Revenue from operations		
	- Sale of copper concentrate	11,351	3,233
	- Consulting income	-	105
	- Gain on issue of shares	-	203
	- Liabilities written back	-	430
	- Interest received	-	15
	- Other revenue	8	-
	Total revenue and other income	11,359	3,986
(b)	Employee and directors' remuneration expenses		
	- Salaries and wages	58	154
	- Directors' and consultants' fees	109	109
		167	263
(c)	Depreciation and amortisation		
	- Depreciation of plant and equipment (Note 10)	1,293	1,733
		1,293	1,733
(d)	Fees and other expenses		
	- Audit fees	62	56
	- Consulting fees	-	12
	- Legal fees	1	6
	- Travel and accommodation	2	8
	- ASX Fees and share registry	15	25
	- Other	1	10
		81	117
(e)	Rental expense relating to operating leases		
	- Minimum lease	23	9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

4. INCOME TAX

(a) The major components of income tax are:

	2016 $'000	2015 $'000
Current income tax	-	-
Deferred income tax	-	-
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable

	2016 $'000	2015 $'000
Loss before income tax	(3,451)	(4,142)
Tax at the Australian income tax rate of 30% (2015: 30%)	(1,035)	(1,243)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	348	542
Differences in overseas tax rates	294	303
Tax losses recouped	-	-
Deferred tax asset	393	398
Income tax expense	-	-

	2016 $'000	2015 $'000
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Capitalised mine development costs	792	812
Tax losses available	2,155	1,167
Total deferred tax assets	2,947	1,978
Set off of deferred tax liabilities pursuant to set off provisions	-	-
Net unrecognised deferred tax assets	2,947	1,978
Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	-	-
Total deferred tax liabilities	-	-
Set off of deferred tax liabilities pursuant to set off provisions	-	-
Net deferred tax liabilities	-	-

5. CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash at bank	65	324
Cash on deposit	21	77
Cash on hand	3	9
	89	410

Refer to note 23 which contains the risk exposure analysis for cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

6. TRADE AND OTHER RECEIVABLES

CURRENT	2016 $'000	2015 $'000
Unsecured loans – other parties (a)	-	-
Provision for impairment of unsecured loans (a)	-	-
Net amount of unsecured loans	-	-
Trade receivables (b)	3,005	1,243
Provision for impairment of trade receivables (c)	(901)	(924)
Net amount of trade receivables	2,104	319
Other receivables (d)	987	1,728
Provision for impairment of other receivables	(286)	-
Net amount of other receivables	701	1,728
	2,805	2,047

(a) Loans to EGL Gold Mining Limited (EGL) (formerly Monarch Gold Mining Company Limited), a former related party, were unsecured, with interest charged at the prevailing overdraft rate for amounts equal to each principal advance plus a margin of 1.5% calculated daily up to 10 July 2008 when EGL was placed in Voluntary Administration (refer to Note 17(b)(iii)). The Group has subsequently received distributions from the EGL Gold Group Trust, and through the Group Trust the company continues to have an interest in around 400,000 shares in EGL present market value of approximately $169,000 (Refer to note 9 for further details). Trade receivables represent amounts due from customers (refer Note 6(c)).

(b) $2.994M of the trade receivables relate to amounts due from the customer Hindustan Copper Limited (HCL). A provision for doubtful debts of $900,675 has been recorded against the receivable (2015: $924,000). The provision is made up of amounts in dispute in relation to the balance amount of liquidated damage left after amount received from HCL ($367,640) and the differential amount for excise duty due but in dispute ($533,035).

(c) Other receivables are receivables that are not due from a client through the usual operating activities of the Group, and include claims agreed by HCL ($700,000), tax credits and receivables, billable cost for extracted but unprocessed copper ore, and advances to employees. Collateral is not normally obtained.

(e) Past due but not impaired
As at 30 June 2016, trade receivables of $1,834,000 (2015: $143,000) were past due but not impaired. $1,834,000 of this relates to a major customer who is expected to fully settle this amount. All are expected to be received. The Group does not hold any collateral in relation to these receivables.

	2016 $'000	*2015 $'000*
Up to one month	*270*	*176*
Over one month (past due)	1,834	143
	2,104	319

Movements in the provision for impairment of receivables are as follows:

Opening balance	924	1,115
Impaired receivables received during the year	-	(344)
Foreign exchange movement	(25)	153
Closing balance	901	924

Other receivables are reviewed and impaired if not considered recoverable. During the 2016 financial year, $286,000 was written off in relation to other receivables, which was not previously provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

7. INVENTORY

	2016 $'000	2015 $'000
Work in progress	193	363
Stores and spares – at cost (a)	25	888
	218	1,251

(a) $667,000 in stores and spares were transferred to Property, Plant and Equipment as spares (see Note 10) in accordance with accounting standards.

8. PREPAYMENTS

Other payments	401	491
	401	491

9. OTHERFINANCIAL ASSETS
NON-CURRENT

Security deposits and prepaid rental for Surda Mine	55	55
Other deposits	76	10
Retention receivable	91	81
Investment in EGL shares (a) - Available for sale (Note 16)	169	-
	391	146

(a) Investment in listed company is at fair value based on the quoted share price at 30 June 2016. Subsequent to year end, this investment was sold (see Note 22).

10. PLANT AND EQUIPMENT

Cost	12,079	1,146
Less accumulated depreciation	(8,799)	(7,731)
Net book amount	3,279	3,715
Reconciliation		
Opening net book amount	3,715	4,450
Additions	231	65
Transfers from inventory (a)	667	304
Foreign exchange differences	(41)	629
Depreciation charge	(1,293)	(1,733)
Closing net book amount	3,279	3,715

(a) $667,000 in stores and spares inventory were deemed to be major spare parts and transferred to Property, Plant and Equipment as spares (see Note 7).

All the plant and equipment has been pledged as security by the Group (refer Note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

10. PLANT AND EQUIPMENT (continued)

Significant estimate – key assumptions used in the value in use calculations
The following key assumptions were used to determine the recoverable value of the Surda plant and equipment:

- Production cash flows: Based on expected production at Surda with improved gross margins on the assumption that contract terms will be more profitable for IRL and assuming budgeted numbers will be achieved.
- Residual value cash flow: Based on expected payment from HCL for fixed assets at the end of the contract period.
- Pre-tax discount rate: 12%.
- Contract extension beyond 31st March 2017 to 31st March 2018.

11. MINE DEVELOPMENT	**2016 $'000**	**2015 $'000**
Cost	3,930	3,998
Less accumulated amortisation	(3,930)	(3,993)
Net book amount	-	5
Reconciliation		
Opening net book amount	5	4
Foreign exchange differences	(5)	1
Closing net book amount	-	5

This represents costs associated with re-commissioning and bringing into operation the Surda Mine and developing future mining programmes. Mine development costs are amortised over the licence period.

12. DEFERRED EXPLORATION AND EVALUATION

Opening balance	3,203	3,518
Exploration and evaluation expenditure incurred in current year (a)	164	187
Exploration and evaluation expenditure written off (b)	(7)	(586)
Foreign exchange differences	(15)	84
Closing balance	3,345	3,203

The ultimate recoupment of costs carried forward for exploration expenditure is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest.

(a) Costs are being capitalised for the Aravalli lead-zinc project in Rajasthan since administrative approval for this project was granted on 23 December 2014.

(b) $586,000 exploration and evaluation expenditure for IRL's diamond interests was written off during 2015 due to the uncertainty that this value will be recovered after reviewing all relevant factors such as the fact that applications to extend the Prospecting Licenses remain in process, after considering changes in the Indian administrative environment, group priorities and its availability of funds.

13. TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors and accruals	3,952	2,130
Employee benefits	985	775
Other payables and accruals	3,580	3,386
	8,517	6,291

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms.

NON-CURRENT		
Employee benefits	631	519
	631	519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

14. BORROWINGS
CURRENT

	2016 $'000	2015 $'000
Secured		
Bank overdraft (a)	2,025	1,887
Total current borrowings	2,025	1,887

(a) The bank overdraft is for working capital and is secured over mine inventory and receivables. The size of the overdraft facility is limited to 75% of the value of inventory and receivables up to a maximum drawdown limit of 75,000,000 Indian rupees or $1,494,321 (2015: $1,532,000). At 30 June 2016 the Group was also accessing a 15,000,000 Indian rupees or $298,864 (2015: $307,000) Letter of Credit that is fully interchangeable with the bank overdraft to give a total access of $ 1,793,185 (2015: $1,839,000).There is a temporary overdraft facility of 10,000,000 Indian rupees or $199,243. At 30 June 2016, the Group had committed to expenditures in excess of the facility by $32,572 (2015: in excess of the facility by $48,000).

15. CONTRIBUTED EQUITY

	2016 $'000	2015 $'000
(a) Ordinary shares		
1,000,590,776 (2015: 1,000,590,776) ordinary fully paid shares	40,447	40,447

(b) Movements in ordinary share capital	**Shares**	**Issue price (i)**	**$'000**
Balance at 30 June 2014	655,590,776		38,079
Issue of shares to RCF VI- Tranche 1	73,897,694	0.008	591
Issue of shares to Noble – Tranche 1	72,800,000	0.006	437
Issue of shares to RCF VI – Tranche 2	126,102,306	0.008	1,009
Issue of shares to Noble – Tranche 2	17,200,000	0.005	86
Issue of shares to Directors and Management	51,500,000	0.005	258
Issue of shares to extinguish debt of consultant	3,500,000	0.011	40
Share issue expenses			(53)
Balance at 30 June 2015	1,000,590,776		40,447
There has been no movement in the number shares in issue for 2015-2016			
Balance at 30 June 2016	1,000,590,776		40,447

.

(i) Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

15. CONTRIBUTED EQUITY (continued)

(c) Movements in share options (listed and unlisted)

	Weighted average exercise price	Options
Balance at 30 June 2014		35,013,066
Expiry of November 2010 options		(25,013,066)
Balance at 30 June 2015		10,000,000
Expiry of November 2012 options	$0.060	2,000,000
Balance at 30 June 2016		8,000,000

Date options granted	Expiry date	Issue price of shares	Number under option
11 December 2007	31 December 2017	$0.0025	6,000,000
14 November 2013	30 November 2017	$0.100	2,000,000
			8,000,000

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 1.48 years (2015: 2.07 years). The weighted average fair value of options granted during the year ended 30 June 2016 was NIL (2015: NIL). The weighted average fair value of options expired during the year ended 30 June 2016 was .06 cents and their exercise price was 6.00 cents (2015: 1.11 cents and 2.50 cents). The value attached to the options above relates only to the options that had vested at the reporting date. The fair value of equity-settled share options granted is estimated as at the date of grant or service provided using a binomial model taking into account the terms and conditions upon which the options were granted.

(d) Capital risk management

Management's objectives when managing capital are to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Management has no current plans to reduce the capital structure through a share buy-back.

(e) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions during the period as part of employee benefit expense were as follows:

	2016 $'000	2015 $'000
Options	-	-
Shares issued to Directors and management	-	258
Shares issued to extinguish debt of consultant	-	40
Closing balance	-	298

16. RESERVES

	2016	2015
Option and share-based payments reserve (a)	$'000	$'000
Opening balance	944	1,213
Share based payments charge incurred in current year	-	-
Transferred from option reserve	-	(269)
Available for share reserve (c)	169	-
Closing balance	1,113	944
Foreign exchange translation reserve (b)		
Opening balance	(3,051)	(3,362)
Exchange differences in current year	66	311
Closing balance	(2,985)	(3,051)
	(1,872)	(2,107)

Nature and purpose of reserves

(a) The option and share-based payment reserve represents the value of equity benefits provided to Directors and employees as part of their remuneration and the value of services provided to the Group paid for by the issue of equity.

(b) The foreign exchange translation reserve represents the exchange difference arising on translation of foreign controlled entities.

(c) Available for sale reserve arising from the recognition of the fair value of EGL shares (refer note 6(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

17. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(a) Compensation of key management personnel

Remuneration by category	**2016** **$**	**2015** **$**
Key management personnel		
Short-term	878,455	822,329
Post-employment	-	-
Long Term Benefits	32,042	40,603
Share-based payment	-	235,000
	910,497	1,097,932

(b) Transactions with related parties

(a) During the year, the Company incurred $95,840 (2015: $166,480) in consulting and contract services with Aranak Pty Ltd for the services provided by the Corporate Finance Officer and Administrative Officer in Perth Office, a company associated with Mr A Misra, the Managing Director, on normal commercial terms (excluding the services supplied directly by Mr Misra). At 30 June 2016 $671,789 (2015: $421,931) was payable to Aranak Pty Ltd (excluding leave provisions). This includes the payable to the Finance Officer and administrative officer to be paid through Aranak Pty Ltd.

(b) At 30 June 2016 $33,598 (2015: $NIL) was payable to Aurum Corporate Pty Ltd and $95,532 was payable to Mr Muhling directly (2015: $33,250).

(c) The company pays the fees of Mr Andrew Simpson, the non-executive Chairman, through his private company Resource & Technology Marketing Services Pty Ltd. At 30 June 2016, $144,853 (2015: $72,623) was accrued as payable to Resource and Technology Marketing Services Pty Ltd for outstanding director fees.

(d) The company pays the fees of Mr David Humann, a non-executive Director, through his private company James Anne Holdings Pty Ltd. At 30 June 2016 $51,957 (2015: $11,990) was accrued as payable to James Anne Holdings Pty Ltd $1,101 was payable at 30 June 2016 to Mr David Humann directly (2015:$396).

(e) At 30 June 2016, $98,510 was payable to Mr Kohler.

(c) Transactions with other parties

There are no other transactions with any other related party.

18. REMUNERATION OF AUDITORS

Amounts paid or due and payable to the auditors for:

	2016 **$**	**2015** **$**
Audit and review of financial reports:		
- Australia	62,057	56,036
- India	10,736	10,272
	72,793	66,308
Taxation and other advisory services:		
- India	2,072	1,934
	74,865	68,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

19. SEGMENT INFORMATION

(a) Description of segments

Management has determined that the operating segments are based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors are disclosed in the Directors Report.

The Board of Directors considers the business from both a project and a geographical perspective, and has identified three reportable segments being:

1. Project Office, which primarily consists of the operations at the Surda mine.
2. Expansion Project, which consists of shaft sinking and development work at the Surda mine through the sub-contract with Shriram EPC Limited (SEPC).
3. Exploration, which includes the pursuit of all exploration projects in India.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments are as follows:

30 June 2016	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	11,067	291	-	1	11,359
Loss before income tax expense	(2,242)	(955)	(7)	(247)	(3,451)
EBITDA (loss)	(647)	(955)	(7)	(243)	(1,852)
Depreciation and amortisation	1,293	-	-	-	1,293
Total segment assets	6,136	510	3,345	537	10,528
Total segment liabilities	9,113	675	-	1,384	11,172

30 June 2015	Project Office	Expansion Project	Exploration	Corporate	Group
Total segment revenue and other income	3,667	115	-	204	3,986
Loss before income tax expense	(2,840)	(348)	(586)	(368)	(4,142)
EBITDA (loss)	(831)	(348)	(595)	(359)	(2,133)
Depreciation and amortisation	1,733	-	-	-	1,733
Total segment assets	7,333	335	3,203	397	11,268
Total segment liabilities	7,369	362	-	966	8,697

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and mine development expenditure.

While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

19. SEGMENT INFORMATION (continued)

Intersegment Transfers

Segment revenues, expenses and results exclude transfers between segments that are for Group resources accessed at cost.

EBITDA

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis may exclude the effects of non-recurring expenditure or impairments when these are not considered to reflect the performance of the segment, such as those due to an isolated, non-recurring event or unrealised gains/ (losses) on financial instruments.

The reconciliation of EBITDA to operating profit before income tax is provided as follows:

	Consolidated	
	2016 $'000	2015 $'000
EBITDA	(1,852)	(2,124)
Finance Costs	(306)	(285)
Depreciation and Amortisation	(1,293)	(1,733)
Loss before income tax expense	**(3,451)**	**(4,142)**

20. LOSS PER SHARE

Basic and diluted loss per share (cents per share)	(0.3)	(0.5)
Loss used in calculating basic and diluted loss per share ($'000)	(3,451)	(4,142)
Weighted average number of ordinary shares used in the Calculation of basic loss per share	1,000,590,776	907,938,074

Effect of dilutive securities:
There is no impact of dilutive shares as the Group made a loss for the year, hence any dilution would reduce the loss per share. Diluted earnings per share are therefore the same as basic loss per share.

21. CONTINGENCIES

Contingent liabilities

The Group has given guarantees in respect of its contracted obligations to HCL for 10 million INR, or $199,243 AUD (2015: $204,000 AUD).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

21. CONTINGENCIES (continued)

SEPC has applied for 33 months extension which will allow automatic extension of Surda operations contract.

In March 2015, SEPC purported to terminate the sub-contract agreement and made allegations of losses against ICMPL for loss of profit, interest paid, and potential liquidated damages. In September 2015 a Memorandum of Understanding was signed with SEPC in which SEPC agreed to withdraw the termination and replace its requirement for a Corporate Guarantee with a third ranking interest in IRL's Surda assets. ICMPL resumed work since October 2015. Creation of charge dated 9th December 2015 between India Resources Limited (first party) and SEPC (second party) to secure an amount of INR 69,700,000 was registered under the provisions of Chapter VI of the Companies Act 2013 (India).

Contingent assets

IRL has approached the Mining secretary through a letter dated 25 May 2016 to settle claims with HCL without prejudice. It was proposed that out of the total claim of 765 M INR (Approx AUD 15M) calculated by IRL as of the date of the letter, IRL proposed to settle for 272 M INR(AUD 5M). HCL had already accepted 134 M (AUD 2.7M).So an immediate payment of 138M INR (AUD 2.7M) will close the issue. 138M (AUD 2.7M) INR represents arbitrated, agreed and admitted amount. For the remaining 493 M INR (AUD 10M), IRL has offered the following solutions:

a) An equivalent extended contract duration in accordance with the work order clause 4.10.1 and HCL, IRL formal Minute of Meeting dated 1st April 2013. OR

b) Resolution through fast track Arbitration in accordance with the contract.

   The matter has been referred to the Independent External Monitor. This report has not been received yet.

22. SUBSEQUENT EVENTS

On 18th August 2016 there was a market release by ASX that the securities of India Resources Limited (the Company) will be placed in Trading Halt Session State at the request of the company, pending the release of an announcement.

The Company received a query from ASIC asking if the Company is trading insolvent and subsequently, Pitcher partners were appointed by the company to give a report about the solvency of the Company.

As per their report the Company has the capability to continue as going concern provided it is recapitalized and payment plans are agreed with creditors. The option for voluntary administration was not recommended. However it was recommended that the company closely monitors its position over the next two months and in the event that operations are hindered, the company's creditors are unwilling to agree to further extended payment terms and the company fails to raise necessary funding, the company will need to consider its options.

A deed of assignment of right has been signed between India Resources Limited (IRL) and Eastern Goldfields Limited (EGL) for payment of $137,728, by EGL to IRL against the right of shares hold by IRL in the Group Trust account of EGL.

No other matters or circumstances has arisen since 30th June 2016 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

23. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, receivables, payables, investments and loans. The Group manages its exposure to key financial risks in accordance with the Group's financial management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Primary responsibility for identification and control of financial risks is borne between the board members and executive management

Risk exposures and responses

(a) Interest rate risk

The Group's exposure to market risk for change in interest rates relates primarily to their interest bearing liabilities. The level of debt is disclosed in Note 14.

At the reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2016 $'000	2015 $'000
Financial Assets		
Cash and cash equivalents	89	410
Financial Liabilities		
Borrowings	(2,025)	(1,887)
Net exposure	(1,936)	(1,477)

The Group monitors interest rate exposure and should interest change rise significantly, the Group will make appropriate decisions in accordance with its financial risk management policies.

The following sensitivity analysis is based on the interest rate exposures in existence at the reporting date.

At 30 June 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax result higher / (lower)		Equity higher / (lower)	
Judgements of reasonably possible movements	2016 $'000	2015 $'000	2016 $'000	2015 $'000
+ 1% (100 basis points)	(1)	(19)	-	-
- 1% (100 basis points)	1	19	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

23. FINANCIAL INSTRUMENTS (continued)
(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments.

The main trade receivable is Hindustan Copper Limited (HCL), a Government of India corporation (Refer to Note 6(c)).

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter-party default rates.

The quality of the trade receivable with HCL is assessed as [ICRA] AA+ with a stable outlook based on ratings from ICRA Investor Services as at March 2015. [ICRA] AA is described as having a high degree of safety regarding the servicing of financial obligations, and very low credit risk. HCL is majority owned by the federal government of India.

Shriram EPC (SEPC) is a member of a large, Indian based financial services conglomerate, the Shriram Group. The Credit rating agency, Credit Analysis and Research Ltd (CARE), has rated SEPC as BBB- for long term bank facilities and A3 for short term bank facilities. CARE BBB credit ratings have moderate degree of safety regarding timely servicing of financial obligations with moderate credit risk. Management are seeking to minimise the exposure to SEPC's receivables.

Credit risk in receivables is managed in the following ways:

- payment terms are 30 days for receivables other than loans;
- a regular risk review takes place on all receivables and loan balances;
- security is sought for receivables where it is deemed appropriate; and
- a thorough, continuing assessment process takes place with all loan receivables.

Standard and Poor's most recent assessment of the National Australia Bank gave it a AA- long term issuer rating, and the Axis Bank as having BBB- with a stable outlook.

The Group's maximum potential exposure to any single credit risk at 30 June 2016 was $2,735,000 ($2,047,000 at 30 June 2015).

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available credit lines. The Group manages liquidity risk by monitoring forecast cash flows. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as of 30 June 2016. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2016.

Maturity analysis of financial liabilities based on management's expectations

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

23. FINANCIAL INSTRUMENTS (continued)

2016	< 6 months $'000	6 - 12 months $'000	1 - 5 Years $'000	>5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Financial liabilities						
Trade and other payables	(7,532)	-	-	-	(7,532)	(7,532)
Borrowings	(237)	(2,055)	-	-	(2,292)	(2,025)
Financial guarantee contracts (i)	-	-	-	-	-	-
	(7,769)	(2,055)	-	-	(9,824)	(9,557)
2015						
Financial liabilities						
Trade and other payables	(5,516)	-	-	-	(5,516)	(5,516)
Borrowings	(230)	(1,905)	-	-	(2,135)	(1,887)
Financial guarantee contracts (i)	(228)	(24)	(27)	-	(279)	-
	(5,979)	(1,929)	(27)	-	(7,930)	(7,403)

(i) Details about the financial guarantee contracts are provided in notes 21 and 27(b). The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

(d) Price risk

The Group's exposure to commodity risk is minimal. Price risk of the copper commodity is of no effect on IRL as the pricing for the Surda contract is fixed with only production targets and inflation escalation uplifts uplifts to pricing. It is not affected by the ongoing commodity pricing of copper.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group entity's functional currency.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. No foreign currency hedging transactions were entered into during the financial year or prior financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

23. FINANCIAL INSTRUMENTS (continued)

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Available for sale Financial Asset (see note 9(a)) ($169,000) was measured at level 1 of the fair value measurement hierarchy.

Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis

At 30 June 2016 the carrying value of trade receivables, trade payables and current borrowings are assumed to approximate their fair value due to their short term nature.

24. CASH FLOW STATEMENT

	2016 $'000	2015 $'000
a) Reconciliation of cash		
Cash balances comprise:		
Cash at bank and on hand (Note 5)	89	410
Bank overdrafts (Note 14)	(2,025)	(1,887)
Balance per cash flow statement	(1,936)	(1,477)
b) Reconciliation of net cash outflow from operating activities to loss after income tax		
Loss after income tax	(3,451)	(4,142)
Share based payments	-	298
Depreciation	1,293	1,733
Amortisation	-	-
Exploration and evaluation expedition written off	7	586
Impairment of investments	20	-
Impairment of receivables	286	-
Gain on issue of shares	-	(203)
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	668	128
Decrease/(Increase) in prepayments	90	(88)
Decrease/ (increase) in inventory	366	184
Increase/(Decrease) in trade and other payables	424	(56)
Net cash inflow from operating activities	(297)	(1,560)
Non cash investing and financing activities		
Share based payment	-	298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

25. EXPENDITURE COMMITMENTS

(a) Operating leases (non-cancellable)

Minimum lease payments		
- not later than one year	25	48
- later than one year but not later than five years	-	27
	25	75

(b) Tenement expenditure proposed

Under the terms of mineral tenement applications, the present minimum annual expenditure expectations are highly subjective (2016: $77,000 was estimated).This expenditure may be incurred by the Group or its joint venture partners and may be subject to variation from time to time in accordance with The Mineral Concession Rules 1960 of India and Mineral Conservation and Development Rules 1988 of India.

On 23 December 2014, administrative approval for the Mining Lease over the world class Aravalli lead-zinc project was granted. A Letter of Intent to issue the Mining Lease must now be obtained, and then the Mining Lease itself will be granted. The Mining Lease will not be granted until a detailed project report is completed that requires extensive drilling to be completed and incorporated into project planning. The required land acquisition activities must also be completed. It is estimated that as much as 2,000M INR ($40M) is required to complete the tasks, and the authorities must be satisfied that sufficient funding exists to undertake construction activities so that project operations can proceed successfully.

Two applications for extensions to prospecting licenses for diamonds that have expired remain under process. If successful the joint venture partner will need to spend around 200M INR ($4M) to keep these tenements in good standing.

The Group had a large number of tenement applications that were cancelled during the year.

26. SURDA MINE AND MOSABONI CONCENTRATOR PLANT WORK ORDER UNCERTAINTY

On 26th March 2007, Hindustan Copper Limited (HCL) granted a contract to Monarch Gold (name changed to Swan Gold and now to Eastern Goldfields Limited EGL) and India Resources Limited as a Special Purpose Vehicle to:

(i) Re-commission and bring into operations the Surda Mine; and
(ii) Bring into operation at the Group’s cost, the Concentrator Plant at Mosaboni, and to mine and beneficiate the ore to produce copper concentrate.

By a deed of appointment effective from 2 January 2007, EGL appointed the Company as a Special Purpose Vehicle in India. Under the deed of appointment the Company is required to implement the contractual obligations entered into by EGL and is entitled to all the benefits flowing from performance of those obligations and agreed to indemnify EGL for all liabilities arising out of contractual arrangement with HCL. HCL have acknowledged the appointment of the Company as EGL’s special purpose vehicle and the Company, therefore, considers that EGL has observed the terms of the contract. The Company issued 375,000 shares to EGL as consideration under the Deed of Appointment.

The Directors of the Company were aware of an uncertainty regarding the continuity of the arrangement under the contract as a result of the appointment of administrators by EGL in 2008, as the terms of the initial agreement between HCL and EGL give HCL the right to terminate the licence in this event. However HCL did not exercise this right, indicating they recognised the fact that IRL was executing this work regardless of EGL’s circumstances. On 2 March 2010 the Administrator of EGL announced that settlement of a Recapitalisation Deed had occurred on 26 February 2010, and that control and management of EGL had passed back to the Board of Directors. Therefore the event triggering any right HCL might have to terminate was no longer relevant. On 8 April 2010, EGL executed a Deed with the Company on Surda Working Arrangements, wherein they assigned their benefits, rights and interests under the Surda contract and work order to the Company. Until the present day, HCL have not

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

26. SURDA MINE AND MOSABONI CONCENTRATOR PLANT WORK ORDER UNCERTAINTY (continued)

proceeded to, nor have they indicated any intention to exercise any right they may have to terminate the contract. A significant length of time has now passed since EGL came out of administration, and the original contract period has now expired. HCL has now chosen to extend the contract period with EGL.

In June 2014, HCL extended the existing Surda operations contract until the later of March 2017 or the completion of the Surda Expansion Project. At that time the relationship with HCL was very positive, but the nine month mine closure severely strained this relationship at a time when it was very clear that IRL was having financial difficulties. Nonetheless HCL negotiated with IRL (EGL) to recommence mining after the mining lease was renewed, and the work order continued.

In April 2015, HCL amended their treatment of the tax they are deducting at source so that they began paying these taxes directly to IRL's Tax account at the ITO based on IRL's tax exemption rather than EGL's account, pending refund to IRL

Therefore while an uncertainty existed regarding the continuity of the arrangement under the work order as a result of the appointment of administrators by EGL, this does not appear to have any remaining relevance as EGL came out of administration in 2010, HCL never exercised, proceeded to or indicated their intention to exercise any right to terminate the contract, and HCL has subsequently offered an extension of the existing contract to EGL and supported the recommencement of work despite a strained relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

27. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2016 $'000	2015 $'000
Statement of Financial Position		
Current assets	66	188
Total assets	739	3,537
Current liabilities	1,361	942
Total liabilities	1,384	966
Shareholders' equity		
Issued capital	40,447	40,447
Reserves	1,103	935
Accumulated losses	(42,195)	(38,811)
Net assets/ (liabilities)	(645)	2,571
Loss for the year	(3,384)	(3,831)
Total comprehensive loss for the year	(3,384)	(3,831)

(b) Guarantees entered into by the parent entity

No material guarantees were entered into by the parent entity as at 30 June 2016.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016.

The parent had provided a Corporate Guarantee to Shriram EPC Limited (SEPC) in respect of its subsidiary's (IRL Copper Mining Pvt Ltd (ICMPL)) work as sub-contractor at the Surda expansion project of up to INR 139,420,000 ($2.85M) It has been replaced by the creation of charge to secure the amount of INR 69,700,000 ($1.39M) and the certificate was issued on 9th December 2015 (see Note 21).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2016, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2015 – NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2016

27. PARENT ENTITY FINANCIAL INFORMATION (continued)

(e) Investments in controlled entities:

Name of entity	Country of incorporation	Class of shares	Equity holding 2016 %	Equity holding 2015 %
India Resources (Holdings) Pty Ltd	Australia	Ordinary	100	100
IRL Copper Mining Pvt Ltd	India	Ordinary	100	100
IRL Exploration India Pvt Ltd	India	Ordinary	100	100
Crown Mining Pvt Ltd	India	Ordinary	100	100
India Resources Mining Pvt Ltd	India	Ordinary	100	100
IRL Coal India Pvt Ltd	India	Ordinary	100	100
Surda Project Office (Refer Note 25(c))	India	n/a	100	100
Kohinoor Mining International Limited (a)	Mauritius	Ordinary	-	-
AMIL Mining India Pvt Ltd (b) (c)	India	Ordinary	100	100

The issued shares of these entities are held in trust for the Company and the Company is the sole beneficial owner of these entities. The Surda Project Office is a separate non-incorporated legal entity registered in India as the special purpose vehicle for the Surda project. It is project specific and can only operate the Surda project. A Project Office of a foreign company in India is considered a tax resident of India. It holds required registrations and approval with Indian banking and taxation authorities.

(a) The Group completed wind up procedures for Kohinoor Mining International Limited during the 2015 financial year.

(b) During the 2014 year Kohinoor Mining International Limited sold its interest in AMIL Mining India Pvt Ltd to 100% India Resources (Holdings) Pty Ltd.

(c) AMIL Mining India Pvt Ltd has committed to issue shares to Vajra Diamond Mining Private Limited such that the Group's equity holding in this company will reduce to 80%.

DIRECTORS' DECLARATION

30 JUNE 2016

In the Directors' opinion:

(a) the financial statements and notes set out on pages 17 to 52 are in accordance with the *Corporations Act 2001*, including:

i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

A Misra
Managing Director

Perth, Western Australia
30 September 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of India Resources Limited

Report on the Financial Report

We were engaged to audit the accompanying financial report of India Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of India Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Opinion

We have been unable to obtain sufficient audit evidence in relation to the following areas:

Recoverability of Plant and Equipment

Included in the consolidated statement of financial position as at 30 June 2016 is plant and equipment of $3,279,000. The recoverability of the plant and equipment is subject to an impairment assessment which has been undertaken in accordance with AASB 136 Impairment of Assets. The details of the key assumptions used in this assessment are included in Note 10. This assessment relies on the forecast of future cash flows, the extension of the Surda contract and the residual value of the plant and equipment, of which we have been unable to satisfy ourselves as to the appropriateness and reliability of these assumptions used in the consolidated entity's impairment model.

BDO

Therefore we were unable to obtain sufficient appropriate audit evidence about the carrying value of the plant and equipment at 30 June 2016.

Going concern

The consolidated entity has reported a loss of $3,451,000 for the year ended 30 June 2016 and as at the reporting date has a working capital deficiency of $7,029,000. The financial report has been prepared on a going concern basis, however the directors have stated in note 2 (a) that the ability of the consolidated entity to continue as a going concern is dependent on:

- Production from operations in line with budget expectations to generate positive cash flows from the Surda Mine;
- Receipt of tax deducted at source (TDS) refunds held by the Indian Taxation Office (ITO);
- Obtaining funds to execute the Aravalli Project and the Letter of Intent (LOI) to issue the Mining Lease;
- Continuous support provided by the Group's financiers and creditors;
- Revenue from the Surda Expansion Project;
- Successful settlement of claims by IRL against HCL;
- Ability to raise additional funds; and
- The extension of the Surda contract beyond 31 March 2017.

At the date of this report, we have been unable to obtain sufficient appropriate audit evidence to support the achievement of the above assertions as stated above, and as to whether the consolidated entity may be able to continue as a going concern and whether it will realise its assets and discharge its liabilities in their normal course of business.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the consolidated stated of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated stated of changes in equity and consolidated statement of cash flows and disclosures thereto.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

Opinion

In our opinion, the Remuneration Report of India Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2016

INDIA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.indiaresources.com.au.

This Corporate Governance Statement is current as at 30 June 2016 and was approved by the Board on 30 September 2016.

BOARD OF DIRECTORS

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management. Day to day management of the Company's affairs and the implementation of corporate strategies are formally delegated by the Board to the Managing Director.

The Company has established functions reserved for the Board and those delegated to senior management, as set out in the Board charter. The charter states that the Board is responsible for:

- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- approving strategic plans and monitoring the progress of both financial and non-financial performance;
- the corporate governance of the Company; and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The Board is responsible for the appointment and removal of the Company Secretary. The Board charter sets out that the company secretary is accountable to the Board on all matters relating to the proper functioning of the Board.

Board composition and independence

The Board charter states that the Board is to comprise an appropriate mix of both executive and non-executive directors and that the roles of Chairman and Managing Director are not to be combined.

The Company has a three member Board comprising one executive director and two non-executive directors, including the Chairman. Mr Misra is not independent by virtue of his executive role in the Company. Mr Simpson and Mr Humann are considered independent non-executive directors based on the principles set out below.

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. The Board does not believe that length of service is a potential indicator that independence may have been compromised. Materiality has been determined from both a quantitative and qualitative perspective. Financial materiality thresholds used in the assessment of independence are set at 10% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

The current composition of the Board is considered suitable for the Company's current size and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's business operations. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report.

Board skills matrix

The current mix of skills and experience on the Board is as follows:

Experience and skills	Number of directors
Mining operations	3
Mining engineering	1
Geological	-
Finance and accounting	1
Strategic planning and risk management	2
Governance and compliance	2
Business development	2

Geographical	
Australia	3
India	1

Each director and senior executive has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which will not be unreasonably withheld.

Performance assessment

The Board has adopted a formal process for an annual self-assessment of its collective performance, the performance of individual directors and of Board committees. The Board is required to meet annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties.

No formal assessment was undertaken during the year, however, the Chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

The performance of the Managing Director is reviewed annually by the remuneration committee, incorporating measurement against pre-determined key performance indicators. No formal process exists for the appraisal of other senior executives, as the size and management structure of the Company permits ongoing monitoring by the Managing Director and the remuneration committee of senior executive performance. No formal evaluation of senior executive performance was therefore undertaken during the year.

BOARD COMMITTEES

The Board has established separate audit and remuneration committees. Matters determined by the committees are submitted to the full Board as recommendations for Board consideration.

Audit committee

Membership of the audit committee comprises two non-executive directors, Mr Humann (Chairman) and Mr Simpson. Details of the qualifications of committee members and attendance at audit committee meetings are set out in the Directors' Report.

The audit committee operates in accordance with a formal written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the external auditor;
- determination of the independence and effectiveness of the external auditor;
- assessment of whether non-audit services have the potential to impair the independence of the external auditor; and
- reviewing the adequacy of the reporting and accounting controls of the Company.

The Managing Director and Chief Financial Officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

The external auditors provide an annual declaration of their independence to the Board. The current audit engagement partner has conducted the audit since 2011 with rotation due no later than five years from that date.

The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Operational, financial, legal, compliance and strategic risks are managed as part of the day-to-day management of the Company's affairs with the support of relevant external professional advisers as required.

Remuneration committee

Membership of the remuneration committee comprises two non-executive directors, Mr Simpson (Chairman) and Mr Humann. Details of the qualifications of committee members and attendance at remuneration committee meetings are set out in the Directors' Report.

The remuneration committee operates in accordance with a formal written charter. The committee reviews all remuneration policies and practices for the Company generally, including overall strategies in relation to executive remuneration policies and compensation arrangements for the Managing Director and senior executives, as well as all equity based remuneration plans.

The Company's remuneration policies are designed to align the interests of executive directors and management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The structure for the remuneration of non-executive directors and senior executives is separate and distinct.
Details of the Company's remuneration policies are set out in the Remuneration Report section of the Directors' Report.

Board nomination procedures

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a selection process to identify candidates who can meet those criteria. The Board will give consideration at an appropriate time in the Company's development to the creation of a separate nomination committee.

Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries are made as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

New directors are provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents.

All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

RISK MANAGEMENT

No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for internal control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal control framework. The Board works closely with management to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives.

The Company's risk management systems are continuing to be developed and it is recognised that the extent of the systems will evolve with the growth and complexity of the Company's activities. A formal risk management system has been established to assist in monitoring and managing business risks appropriate to the size and level of activities of the Company. The purpose of the system is to assist in the management of the Company's material business risks and to enable reporting to the Board on whether those risks are being managed effectively.

The Managing Director reports to the Board on a regular basis on the material business risks of the Company. No formal report was provided to the Board during the year on whether those risks are being managed effectively.

The Company undertakes mining operations and mineral exploration activities and recognises that there are inherent risks in conducting its business operations. Material risks associated with economic, environmental and social sustainability include operational risks, occupational, health and safety, community and environmental risks, mineral resource estimates, metal prices and exchange rate fluctuations, financing and working capital requirements, sovereign and political risks, compliance and regulatory risks Some of these risks are beyond the Company's direct control and require risk mitigation strategies whilst other risks are directly within the control of the Company and are managed through operational and management procedures.

The systems and processes implemented to manage material risks include monthly operations and financial reporting; regular reports to the Board by management and/or independent advisers outlining the nature of particular risks and related risk mitigation measures; clearly defined management responsibilities and organisational structure; delegated limits of authority; treasury and accounting controls and reconciliations; comprehensive management reporting systems; budgeting and strategic planning processes; segregation of duties; appropriate policies and procedures that are widely disseminated to employees; and specific occupational, health and safety policies and procedures.

CODE OF CONDUCT

A formal code of conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company's share trading policy prohibits the purchase or disposal of securities by directors, senior executives and other designated persons in the period of two weeks immediately preceding the release of quarterly reports and four weeks immediately preceding the release of the Company's annual and half-year financial results. Any proposed transactions to be undertaken must be notified to the Chairman or Managing Director in advance.

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested securities issued or acquired under the scheme.

EMPLOYMENT DIVERSITY

The Board has adopted a formal diversity policy which is designed to encourage diversity in employment and in the composition of the Board, as a means of enhancing the Company's performance and organisational capabilities.

The Company recognises that the mining and exploration industry is historically male dominated in many operational sectors and the pool of women with appropriate skills may be limited in some instances. The Company also recognises the need to tailor differing diversity and cultural issues within each geographic location in which it operates.

Measurable diversity objectives have not yet been established as the Board is continuing to assess the merits of setting achievable targets. However, the Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. The appropriate mix of skills and diversity for membership of the Board is considered as part of ongoing nomination and succession planning and which recognises the value of balanced gender representation.

At 30 June 2016, women comprised 2% of total group employees; 14% of senior management positions are occupied by women and there were no women appointed to the Board. Senior management is defined as a professional or manager reporting directly to the Managing Director or Operations Manager.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. Material information is released to the ASX is and posted on the Company's web-site immediately after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's web-site.

The Board has adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The Company and the share registry offer mechanisms for electronic communication by shareholders, including an e-mail alert facility available through the Company's web-site. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

All shareholders are entitled to elect to receive a printed copy of the Company's annual report. In addition, all market announcements, media briefings, details of shareholders' meetings, press releases and financial reports are made available on the Company's web-site.

INDIA RESOURCES LIMITED

SHAREHOLDER INFORMATION

The following information was reflected in the records of the Company as at 30 September 2016.

Distribution of share and option holders

	Number of holders	
	Fully paid shares	Unlisted options
1 - 1,000	66	-
1,001 - 5,000	197	-
5,001 - 10,000	158	-
10,001 - 100,000	677	-
100,001 and over	391	2
	1,489	2
Including holdings of less than a marketable parcel	1,224	

Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares	%
Resource Capital Fund VI L.P.	200,000,000	19.99
Alexandra Resources Pty Ltd	104,822,662	10.48
Noble Resources International Australia Pty Ltd	72,800,000	7.28

Twenty largest holders of fully paid shares

	Shareholder	Shares	%
1.	Merrill Lynch (Australia) Nominees Pty Ltd	200,010,000	19.99
2.	Alexandra Resources Pty Ltd	104,822,662	10.48
3.	National Nominees Limited	90,000,000	8.99
4.	Aranak Pty Ltd	36,127,773	3.61
5.	Chimaera Capital Limited	32,479,014	3.25
6.	Bruce Alexander Davies	25,050,000	2.50
7.	Glenn Stedman and Nutcharat Stedman	24,180,510	2.42
8.	David Bridson and Min Bridson	23,700,000	2.37
9.	Southern Silicon Pty Ltd	19,562,500	1.96
10.	David Humann and Anne Humann	18,000,000	1.80
11.	Marion Lutine Huett	14,002,349	1.40
12.	Steven Paul Swallow	12,750,000	1.27
13.	Sakdirat Kaewunruen	12,067,142	1.20
14.	Sydney Equities Pty Ltd	11,450,000	1.14
15.	Joshua Damian Lobo	10,000,100	1.00
16.	Blossum Holdings Pty Ltd	10,000,000	1.00
17.	Michael Muhling and Paige Muhling	10,000,000	1.00
18.	Myall Resources Pty Ltd	10,000,000	1.00
19.	Bruce Alexander Davies	7,500,000	0.75
20.	Christopher Williams	7,218,994	0.72
		678,921,044	67.85

Unquoted securities

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security Name of holder	Number	%
Options over fully paid shares exercisable:				
- at 10 cents each on or before 30.11.17	2,000,000	Ravi Shastri	2,000,000	100.00
- at 0.25 cents each on or before 31.12.17	6,000,000	Aranak Pty Ltd	6,000,000	100.00

INDIA RESOURCES LIMITED

TENEMENT DIRECTORY

Projects - India	Tenement number	Beneficial interest
Surda project Jharkhand State	Surda Mining Lease (Hindustan Copper Limited) Surda Underground Development Contract (Shriram EPC)	Right to mine (100%) Right to develop (100%)
Aravalli project Rajasthan State	Mining Lease 87/08 application (partially granted LOI Rajasthan Government) Sathuddia Prospecting Licence application 56/10 (RP holder - preferential right)	100% 100%
Dharwar diamond project Andhra Pradesh State	Prospecting Licences 306 and 309 (under renewal)	100%
Bhandara diamond project Orissa State	Prospecting licence 410 application (Nuapada, RP holder - preferential right)	100%

India Resources Limited

Level 1, 18 Kings Park Road
West Perth WA 6005
PO Box 869 West Perth WA 6872
T: +61 8 9327 7444
F: +61 8 9327 7499
E: admin@indiaresources.com.au
www.indiaresources.com.au